EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,657

Tuesday January 14 1992

D 8523A

SOUTH KOREA
Dragon looks to rekindle its fire
Page 17

World News

Algerian opposition seeks army support

Moslem militants, accusing Algerian authorities of treason, appealed to the army and people to struggle and block the "giant of power" which had robbed them of victory through the ballot box.

The appeal from the Islamic Salvation Front was, however, couched in moderate terms and did not urge the people to take to the streets or start a general strike. Page 4

UN team in Croatia
The first team of 50 United Nations observers arrived in Croatia on a fact-finding mission aimed at deciding whether 10,000 UN peacekeeping troops will be deployed throughout the republic. Meanwhile, the Vatican formally recognised Croatia and Slovenia, angering the federal Yugoslav government. Page 2

Polish price protest
An estimated 2m Polish Solidarity trade union members mounted a one-hour nationwide protest strike against higher energy prices and lower living standards. The protest was endorsed by President Lech Walesa. Page 2

Talks breakthrough
The Middle East peace process took a decisive step forward when Israeli, Palestinian and Jordanian negotiators resolved a procedural deadlock that had been blocking progress. Page 4

Democracy in Mongolia
Mongolia passed a new constitution throwing out the last vestiges of communism and endorsing democracy and a market economy. Page 4

Ceasefire monitors
The United Nations plans to send more than 1,000 military observers and police to monitor a ceasefire in El Salvador.

Paris taxi strike
Taxi drivers in Paris will stage a 24-hour strike today to demand higher fares.

Crackdown on warlords
President Corazon Aquino ordered police to seize all unlicensed guns in the Philippines and disband the private armies of political warlords to ensure peaceful elections in May.

Hostage swap 'close'
The United Nations is close to arranging a swap of Israeli captives or their remains held in Lebanon for Arabs in Israeli jails, pro-Iranian sources said.

EC move backed
A majority of Finnish members of parliament believe their neutral country should apply for European Community membership by the spring, a poll said.

Refugee threat
Europe could be flooded with refugees from the collapsed Soviet Union because western Europe has failed to adopt a uniform approach to controlling immigration, the London-based Institute for European Defence and Strategic Studies said in a report. Page 2

Japan restores links
Japan formally restored diplomatic links with South Africa. South Africa's president F.W. De Klerk will visit Tokyo later this year.

Cuba shifts policy
President Fidel Castro, declaring in a significant shift of policy that "internationalism begins at home", said Cuba will no longer give military help to revolutionary movements abroad.

Star forced to act
One of Hong Kong's top film and pop stars has accused triad gangs of forcing him to act in films made by underworld-controlled companies for the past three years. The star, Andy Lau, often plays gangsters in films.

Business Summary

German steel strike looms as pay talks break down

The first strike in the German steel industry for more than 10 years loomed closer after pay talks between IG Metall, the country's biggest union, and employers broke down.

An increased management offer of 5.2 per cent in a phased deal, and a conciliatory proposal from union negotiators for a package estimated to be worth "just over 6 per cent" failed to break the impasse in the eighth negotiating bout. Page 18

MEXICO is expected to come under pressure from the US to liberalise its oil sector during free-trade negotiations between the two countries. Page 3

TOMKINS, UK conglomerate, increased pre-tax profits by 40 per cent to £43.7m in the six months to November 2 helped by a rise in turnover from recently acquired Phillips Industries. Page 19; Lex, Page 18

CREDITANSTALT, Austria's biggest bank, is broadening its involvement in Czechoslovakia with the launch of a commercial paper market in Skoda-Volkswagen debt. Page 20

HERSANT, owner of Le Figaro, France Soir and 27 other smaller newspapers in France, has paid $22m for 48 per cent of Mlada Fronta Dnes, the best-selling daily in Czechoslovakia. Page 20

R H MACY, US department store chain which announced last week it would be late making January payment to suppliers, says it is working on a comprehensive plan to reduce its debt. Page 21

FEDERAL NATIONAL Mortgage Association, largest provider of mortgages to US home-owners, reported record fourth-quarter profits of $361m taking total 1991 earnings to $1.36bn, the association's highest. Page 21

CHASE Manhattan, New York money-centre bank, reported fourth-quarter net income of $135m, down from $193m last year. Page 21

CITIC Pacific, Hong Kong-listed arm of Beijing's China International Trust and Investment Corporation, plans to pay HK$3bn ($389m) to take full control of Hang Chong Investment, a Hong Kong trading and property company. Page 21

DOMTAR, Canadian pulp, paper and building materials group, believes a US economic recovery spurred by cheap money will restore its profitability by the end of this year. Page 21

JAPANESE banks have been forced to increase efficiency because of financial deregulation, but the results of liberalisation have been partly obscured by "excessive" expansion during the late 1980s, according to a report from the Bank of Japan. Page 21; Lex, Page 18

EURO DISNEY, US theme park operator, faces a claim for FFr850m ($157.4m) in allegedly unpaid accounts from 16 French building contractors. Page 20

GROUPE BULL, the loss-making French computer maker, completed a $1.1bn refinancing package. The terms are said by bankers to be much tougher than those in the past. Page 19

BANK of America revised from $4bn to $7bn the size of divestitures it plans to make in connection with its merger with Security Pacific, the troubled Los Angeles-based bank. Page 20

PIRELLI, Italian tyre and cable group, holds shares and options for about 39 per cent of the capital of Continental, the German tyre concern it tried to buy last year. Page 20

EC fears on farm funding may still wreck trade talks

By Frances Williams in Geneva

EUROPEAN Community objections to the draft agreement on farm subsidies reform proposed last month may still wreck the Uruguay Round of trade talks.

The countries taking part in the trade liberalisation talks yesterday unanimously agreed to work for their successful completion by Easter. But the EC is still opposed to the draft agreement on farm trade reform – the most crucial of the 26 draft accords concluded last month.

That draft was prepared by Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), following the failure of the US and the EC to reach agreement after weeks of intensive talks.

The EC was not entirely unsupported at yesterday's meeting of the top-level Trade Negotiations Committee (TNC) called to decide the future of the five-year-old Round. Countries including Japan, South Korea, Canada and Switzerland also expressed serious reservations about proposals in the agriculture text.

Mr Dunkel, who is also chairman of the TNC, said he was prepared to serve as "honest broker" in the resolution of outstanding differences but warned that any move to adjust the 436-page text "must be very precise and concentrated entirely on what we all can collectively agree to without unravelling the package".

He said the present drafts sought to strike the best possible balance between the interests of the 108 participants. "I have no new – or better – solutions to offer on my own", he said.

US president George Bush said yesterday that he was not pessimistic about the chances of reaching a Gatt agreement but he vowed to reject any deal on which failed to lower farm subsidies in Europe. At a meeting with leaders of the American Farm Bureau Federation in Kansas City, he said he would not take to the Congress a deal that was silent on agriculture and was not favourable to American farmers.

In a deliberately low-key statement Mr Tran van Thinh, head of the EC delegation in Geneva, said the Community had serious difficulties with the agriculture text. But the EC was ready to continue negotiations on the basis of Mr Dunkel's proposed timetable.

There remain serious doubts over whether other countries will be prepared to reopen the farm subsidy talks as the Community wants. The US and most members of the 14-nation Cairns Group of farm exporters are backing the current draft. If anything, they would like disciplines tightened further.

These countries – and for that matter the EC – are also likely to give short shrift to concerns of Japan and South Korea over proposals that would oblige them to open their rice market by converting import bans to tariffs.

Mr Rufus Yerxa, the US ambassador to Gatt, said the draft final agreement contained the basic ingredients for finalising the round, even though in places it did not go as far as Washington would have liked. However, the US would not find the overall package acceptable without good results in the forthcoming country-to-country negotiations on reductions in tariffs and other import barriers for goods including farm products, and specific market-opening measures for services.

Managed trade fear, Page 3;
Korean ambitions, Page 17

Fumio Abe (right), a former Japanese cabinet minister who has been accused of taking bribes, leaves hospital in Tokyo before his arrest yesterday

Arrest of former minister deals blow to Miyazawa

By Robert Thomson in Tokyo

THE ARREST last night of a former Japanese cabinet minister for alleged bribe-taking has raised serious doubts about the leadership of Mr Kiichi Miyazawa, the prime minister.

The latest in a series of financial scandals to hit Japan. it has also added weight to popular perceptions that Japanese politics remains riddled with corruption.

Mr Fumio Abe, 69, a senior member of the ruling Liberal Democratic party (LDP), was charged with having received Y80m ($630,000) from Kyowa Corp, a property developer, in return for providing the company with confidential planning information, and for unlawfully assisting it to obtain low-interest loans.

The arrest is particularly embarrassing for Mr Miyazawa, since the high-profile Mr Abe was secretary-general of the prime minister's faction until last month. Mr Abe also played an important role in the campaign leading up to the premier's appointment.

Last night Mr Miyazawa described the arrest of Mr Abe as "regrettable", but denied an allegation that the Miyazawa faction ultimately received Y120m in "political donations" given to Mr Abe by Kyowa.

The prime minister said action would be taken to prevent a recurrence of bribery scandals, but provided no details of his plans.

Mr Abe checked himself into a Tokyo hospital yesterday, but prosecutors decided that he was capable of answering questions. Other investigators raided his home and offices.

The alleged bribes, part of an estimated Y500m given to Mr Abe by Kyowa, apparently took place after he became director-general of the Hokkaido Development Agency in August 1989. At this time he was a member of the so-called "clean cabinet" of Mr Toshiki Kaifu, the former prime minister.

Mr Abe's home is in Hokkaido, the northernmost of Japan's main islands, and Kyowa, which had been a maker of steel frames, was interested in development projects on the island.

It is alleged that Mr Abe's office provided confidential information about a planned motorway, and that Kyowa intended to buy property along the route.

It is also alleged that Kyowa, which collapsed with outstanding debts of Y200bn in late 1990, was given confidential information about a proposed stadium complex in Hokkaido and received assistance from Mr Abe in obtaining low-interest loans from Hokkaido-Tohoku Corp, a semi-government institution.

The case again highlights the chronic problem of "money politics", which was cited as the cause of the Recruit stocks-for-favours scandal which led to the resignation of Mr Noboru Takeshita as prime minister in April 1989.

Parliamentarians complain that Japanese politics is an expensive business, and that even well-meaning politicians are tempted to take illegal donations. Mr Abe allegedly used Kyowa money to pay off debts and to fund a re-election campaign.

But attempts to overhaul the system stalled late last year. It is unlikely that Mr Miyazawa, who himself resigned as finance minister in 1988 after being implicated in the Recruit scandal, will be able to honour a promise to introduce reforms this year.

Yeltsin under pressure to resign over prices

By John Lloyd in Moscow

MR BORIS YELTSIN, the Russian president, yesterday came under strong pressure to resign from his post as prime minister amid fierce criticism of the Russian government's decision to free prices.

Mr Yeltsin's press secretary denied rumours that he was quitting as head of the cabinet of ministers, but advisers to the Russian government said he was under mounting pressure to do so.

Mr Ruslan Khasbulatov, chairman of the Russian parliament, said that now was the time for Mr Yeltsin to replace the "incompetent" cabinet – or else the parliament would vote it out of office.

He added that Mr Yeltsin should "distance himself" from the government, since "a president is a person standing, as it were, above the state".

The cold blast of public distaste for price rises of as much as 30 per cent for some commodities is now blowing through the corridors of power. Deputies and officials have begun to hear from furious constituents, and demonstrations – the largest organised by hardline communists – have begun to gather force.

Mr Egor Gaidar, the Russian deputy prime minister in charge of economic reform, was hauled over the coals by the presidium of the Russian parliament – the forum in which Mr Khasbulatov made a speech calling for the government to resign.

Mr Khasbulatov's remarks, after a trip to provincial cities over the weekend to see the level of dissatisfaction at first hand, were followed by a report by the Interfax news agency that several people were being canvassed as prime ministerial material. These included Mr Khasbulatov himself, Mr Anatoly Sobchak, the mayor of St Petersburg, and

Continued on Page 18

Russia, Ukraine to ratify arms pacts, Page 2
Interest repayments, Page 2

Aérospatiale and Snecma call for capital injection

By William Dawkins in Paris

AEROSPATIALE and Snecma, the French state-owned aircraft and jet engine makers, yesterday revealed they were seeking substantial injections of fresh capital.

This provides the latest evidence of the financial pressures on the French aerospace and defence industries, faced with falling orders from the decline in air travel and arms budgets, plus heavy investment demands for new products.

The gloomy background was reinforced yesterday when Le Monde newspaper quoted estimates by the DGA, the state weapons procurement agency, that the French arms business would lose up to 18,000 jobs from its total workforce of 253,000 this year.

Neither Aérospatiale nor Snecma gave exact details of their funding needs, though officials indicated that Aérospatiale was negotiating to raise around FFr1bn ($180m) by selling a minority equity stake to Crédit Lyonnais, the state-owned bank. Snecma has indicated in the past that its financing needs this year will be FFr750m.

Mr Henri Martre, chairman of Aérospatiale, said he was negotiating for a capital increase with a state owned bank, while Mr Louis Gallois, chairman of Snecma, warned that if the government could not provide the capital needed, he would seek an alliance with a new private or public partner.

Aérospatiale revealed that new orders declined sharply last year, to FFr28bn – 14 per cent below forecast – from FFr55bn in 1990, leaving total orders at FFr100bn, or 2½ years' work.

Mr Martre stressed that Aérospatiale was not in financial difficulties and that he expected sales to rise 30 per cent over the next three years.

However, pressure on future spending at Aérospatiale and other partners in the Airbus consortium is known to be jeopardising the development of a new European airliner.

If Aérospatiale's negotiations for fresh equity come off, this will be the third big investment by a French state-owned bank in public sector industry over the past year. The European Commission late last year gave its approval for a FFr2.5bn investment by Crédit Lyonnais in Usinor Sacilor, the steel group, and is thought unlikely to block a separate FFr1.25bn acquisition of a minority stake by Banque Nationale de Paris (BNP) in Air France, the state-owned airline.

Snecma's debts rose to FFr2.9bn last year, from FFr2.3bn at the end of 1990. Mr Gallois believed that was "reasonable" against the group's FFr4.6bn capital, but pointed out that the launch of new versions of its CFM56 engines and the development of new products meant Snecma would have to seek fresh equity capital this year.

Lex, Page 18

CONTENTS

Nervous markets watch Keating on the high-wire

Australia's government faces a balancing act as it seeks to restore economic confidence without spooking nervous markets. Premier Paul Keating (left) must achieve economic recovery before the general election due next year Page 4

MARKETS

STERLING
New York:
$1.7985 (1.7885)
London:
$1.803 (1.794)
DM2.835 (2.84)
FFr9.6775 (9.6875)
SFr2.5225 (2.5275)
Y228.5 (227.75)
£ index 90.2 (90.4)

GOLD
New York Comex Feb
$354.5 (356.9)
London:
$353.95 (357.75)

N SEA OIL (Argus)
Brent 15-day
$17.925 (17.1)

Chief price changes yesterday: Page 19

DOLLAR
New York:
DM1.578 (1.5845)
FFr5.384 (5.4075)
SFr1.4052 (1.4128)
Y127.055 (127.1)
London:
DM1.5725 (1.5825)
FFr5.3675 (5.4)
SFr1.3995 (1.4095)
Y126.8 (127.0)
$ index 62.2 (62.2)
Tokyo close: Y126.3

US RATES
Fed Funds: 3⅞% (3⅝)
3-mo Treasury Bills:
3.899% (3.9)
Long Bond:
105 11/32 (106 5/16)
yield: 7.51% (7.463)

STOCK INDICES
FT-SE 100:
2,490.1 (+12.2)
FT-A All-Share:
1,186.22 (+0.3%)
FT-SE Eurotrack 100:
1,105.02 (−0.38)
FT-A World Index:
147.25 (-0.5)
New York:
DJ Ind. Av.
3,185.6 (−13.86)
S&P Comp
414.34 (−0.76)
Tokyo: Nikkei
21,696.86 (−685.04)

LONDON MONEY
3-month Interbank:
10¾% (10 11/16%)
Liffe long gilt future:
Mar 96⅜ (Mar 96 11/16)

Poland hit by protest strike over price rises

By Christopher Bobinski in Warsaw

POLAND'S fragile coalition government yesterday faced the most serious industrial action since the demise of communism as an estimated 2m Solidarity trade union members mounted a one-hour nationwide strike to protest against the imposition of higher energy prices and lower living standards.

The impact of the protest, to be followed by a full one-day strike on Thursday by OPZZ, the former communist trade union, was heightened by the endorsement of President Lech Walesa, the former Solidarity leader.

Mr Walesa, who opposed the formation of the new government under Prime Minister Jan Olszewski until the last moment, said the strike might lead to "wise programmes" and again hinted that he was prepared to become prime minister himself, although not immediately.

Mr Andrzej Drzycimski, the president's personal spokesman, said the stoppage showed people were tired of the present political situation but that "democracy would decide" when a change of government was necessary.

Mr Drzycimski said that "for the moment there was no need for the president to take over as prime minister as well".

The centre-right coalition government, formed just before Christmas, has tried to present itself as being more aware of the social and economic consequences of the IMF-backed economic stabilisation policies associated with Mr Leszek Balcerowicz, finance minister in the first post-communist governments.

However, Mr Olszewski's government is constrained by a tight budget drawn up by its predecessor to restrain a runaway budget deficit.

The inherited measures included a sharp reduction in energy subsidies on January 1. This lead to a 70 per cent rise in energy prices, which sparked off the latest round of labour unrest.

The government has little room for manoeuvre, as the budget deficit over the first quarter of this year is expected to reach $1.6bn even after the cut in energy subsidies.

Last year the IMF suspended disbursement of its $1.7bn extended loan facility because the government had failed to hit agreed targets, including the budget deficit which, at $2.8bn last year, was seven times higher than originally planned.

The steep fall in production by state enterprises, widespread tax evasion and the slow progress of privatisation sharply cut tax revenues against rising demand for unemployment pay and other government services.

Mr Olszewski's tough stance on energy prices is designed to show the IMF that his government, which criticised previous administrations for allowing industrial output to fall by more than 30 per in two years, is determined to control the budget deficit.

Decision forms part of agreement to divide Black Sea Fleet between them

Russia and Ukraine to ratify arms pacts

By John Lloyd in Moscow

RUSSIA and Ukraine have said *they will both ratify the Start* nuclear weapons reduction treaty and the treaty on reducing conventional forces in Europe as part of their agreement to divide the Black Sea Fleet between them.

These treaties were not ratified by the Union Supreme Soviet before its demise last year. The agreement to ratify them by both the Russian and Ukrainian legislatures is an indication that Ukraine has established a form of joint control over the nuclear weapons on its territories, and can act as a guarantor of international treaties concerning them.

However, actual ratification and full agreement between the two states on defence issues may be some way off – the agreement reached in Kiev at the weekend refers ultimate agreement to further talks and work by experts. An aide to Mr Leonid Kravchuk, the Ukrainian president, said "it would be wrong to say that there has been any conclusive resolution *to this issue*".

Mr Andrei Kozhyrev, the Russian foreign minister, has hailed the agreement to divide the fleet and ratify the agreements as a "step towards the formation of good neighbourly relations between the two countries and peoples".

Tensions between the Ukraine and Russia remain high, however, especially over economic reform. Ukraine's decision to switch a large part of workers' pay packets to coupons will mean an avalanche of unwanted roubles flooding into Russia, further pushing up prices which are already up to 30 times higher.

A meeting of the Commonwealth of Independent States (CIS) in Minsk on January 24 is advertised as focusing on both defence and economic issues. However, all three previous meetings – two in Minsk, one in Alma Ata – have seen the members grow further apart, rather than closer, on most fundamental questions. Most *are now laying the foundations* for separate armies, most are considering the introduction of a separate currency, and most – including Russia – now have trade barriers against each others' produce.

● Officials from the commonwealth will meet western bankers in Frankfurt today to discuss deferring interest payments on its foreign debt, sources close to the talks told Reuter in Frankfurt.

The former Soviet republics are also likely to ask for an extension of an existing deferral of principal payments until the end of 1992, in line with an agreement reached in Paris with government creditors.

The two-pronged request would dent banks' trust in the CIS but the banks would have no choice other than to accept. Commerzbank's spokesman, Mr Peter Pietsch, said: "There's very little we could do against such a request."

The Russian central bank said on Friday it would seek to *postpone interest payments on* both government and bank debt because other commonwealth members had not produced their share of the cash.

The Russian bank and Vneshekonombank, the former Soviet Bank for Foreign Economic Affairs which is reponsible for servicing the debt, represent the CIS on an advisory panel on commonwealth foreign bank debt led by Germany's Deutsche Bank. The CIS inherited $60bn-$70bn in foreign debt after the Soviet Union broke up, with Russia assuming the bulk of it.

Mr Hilmar Kopper, head of Deutsche Bank, said a more comprehensive debt deferral arrangement than the one agreed in Paris might be needed in the second half of this year.

He told the Handelsblatt newspaper he doubted whether the commonwealth states would be able to accumulate the currency needed for current interest payments and the *deferred principal payments.* Financial analysts said extended deferrals would not harm German banks, which have the largest exposure to the CIS republics, because German state guarantees cover the bulk of the debt and the banks have made large provisions against the debt souring.

● Germany's economics minister, Mr Jürgen Möllemann, has invited counterparts from the Group of Seven nations and the CIS to a two-day meeting in Münster opening on May 8, Reuter reports from Bonn. An economics ministry spokesman said the meeting would focus on future western aid for the commonwealth and the rest of eastern Europe.

Ministers from Poland, Czechoslovakia and Hungary would also be invited, as well as officials from the European Commission, and Portugal, which currently holds the rotating EC presidency.

UN team due in Croatia today

By Judy Dempsey in Zagreb and Agencies

THE first team of 50 United Nations observers arrives today in Croatia on a fact-finding mission aimed at deciding whether 10,000 UN troops will be deployed throughout the republic.

The team, drawn from UN peace-keeping forces in the Middle East, will set up communications links between the Croatian, Serbian and federal army forces.

One group of observers will remain in Croatia, and part of the second group is expected to be sent to the ethnically-mixed republic of Bosnia-Hercegovina.

"The UN's first task will be to establish liaison groups between the three sides in the conflict," said Mr Joao Mira Gomes, the deputy spokesman for European Community monitors based in Zagreb. "The UN observers will then recommend to New York if the appropriate conditions exist for sending the blue helmets," a western diplomat added.

The federal army will today open a liaison office in Zagreb in the same hotel as the EC following an agreement reached at the weekend in Pecs, Hungary, between the EC, the army, and Croatia.

"This liaison office is necessary because there must be guarantees that the ceasefire agreement will hold, and the safety of the EC and UN observers can be ensured," Mr Mira Gomes said. EC monitors do not want any repeat of last week's incident in which a federal army jet shot down an EC monitors' helicopter, killing all five members on board.

Mr Mira Gomes said the UN observers will also work closely with the EC monitors to ensure the implementation of the latest ceasefire, which was forged by the UN earlier this month and which still appears to be holding.

Mr Cyrus Vance, the UN's envoy to Yugoslavia, has insisted that a ceasefire is a precondition for deploying any UN troops.

If deployed, the UN forces would be sent to three regions of Croatia, including the self-proclaimed Serb-inhabited republic of Krajina, south-western Croatia.

Deployment will be linked to the complete withdrawal of the federal army from Croatia, and the disarming of all Croat and Serb paramilitary units. But Mr Milan Babic, leader of Krajina, is refusing to disarm his units.

The thorny issue of EC recognition of the former Yugoslav republics will be the focus of deliberations this week, beginning with a meeting today in Lisbon of senior officials from Community governments.

The decision on recognition depends on a report by Mr Robert Badinter, head of an EC arbitration commission, on whether the republics seeking independence have met human rights obligations.

The report, originally due to be circulated to Community governments at the weekend, is now not expected to reach them until today, officials said.

But Germany has already formally recognised Slovenia and Croatia, although in deference to its EC partners it has agreed not to implement its decision until tomorrow.

The German Foreign Ministry yesterday said protocols would be signed in Ljubljana and Zagreb on Wednesday, changing the German consulates there into embassies.

The Vatican yesterday also formally recognised Croatia and Slovenia, both of which are predominantly Roman Catholic.

Europe warned it must act on immigration

By Anthony Robinson, East Europe Editor

EUROPE should adopt a continent-wide approach to controlling what could be a flood of immigration from the former Soviet Union, according to the Institute for European Defence and Strategic Studies.

In a report on the "new realities" after the Soviet collapse, the London-based security think-tank said that up to 3m Soviet immigrants could arrive over the next 18 months.

"By refusing to confront the problem head on western Europe has not merely exacerbated the threat of migration but left the east Europeans dangerously exposed."

The report proposes standardised entry requirements, quotas for religious and political refugees and a pooling of relief aid.

It also warns against underestimating the power of Russian nationalism and the tenacity of the Russian authoritarian tradition.

"The threat of the further disintegration of Russia itself raised the spectre of a revived, albeit ostensibly defensive, Russian nationalism which might seek to preserve its control by force over the dissident non-Russians within its borders."

The report also points to the large Russian minorities in many of the new republics which "must inevitably constitute potential flashpoints for ethnic tensions".

It also warns that Kazakhstan "may well succumb to Islamic fundamentalism" because its development, and that of the other Moslem republics, was held back by communism.

The report urges western support for the Commonwealth of Independent States. "The west should be grateful that instead of a rabble-rouser calling the masses to revolution, we have seen eight leaders, three of them democratically elected, sitting around a table and drawing up a blueprint that enshrines human rights, the principles of a market economy and strict control of all weapons, including nuclear."

But, it concludes "such a structure may not survive. The emerging picture is still one of heightened instability and volatility.... This is a danger which must be armed against. In the long term, Russia's economic potential and military power will inevitably ensure that it returns as a very powerful player on the world stage".

Turkey plans rise in state sell-offs

By John Murray Brown in Ankara

TURKEY'S coalition government has tried to dispel doubts about its commitment to privatisation by announcing plans to raise TI 5,000bn (£523m) this year through the sale of its minority stakes in private sector companies. The sum is twice the figure realised by the outgoing Motherland party administration in 1991 through similar sales.

The announcement by Mr Cavit Caglar, the state minister in charge, was greeted with interest from bankers. Mr Caglar said the block sale of minority shares in 28 companies would be completed this year. Separate preparations were also being made to sell 11 state-owned cement companies.

The statement, however, does little to resolve the issue of the future of the 120 companies where the government is the majority partner. These include the power utility Tek, the state railways, and the national coal company.

Turkey's state companies are said to account for 25 per cent of manufacturing capacity and half of total fixed investment. Losses in 1991 are estimated at TI 13,000bn, equivalent to half of the government budget deficit which is running at around 11 per cent of GNP.

The government is due to present its new economic programme to parliament on Thursday. The business lobby Tusiad this week urged the government to take strong action to stem the losses.

"It is a fact that some of the state enterprises can neither be privatised nor revived. There is no other solution than closing them down," said Mr Bulent Eczacibasi, Tusiad chairman.

Making a point: Italian president Francesco Cossiga fields reporters' questions before meeting UN secretary general Boutros Ghali at the Italian embassy in London yesterday. Mr Cossiga is on a two-day private visit to Britain

German set to head EC parliament

A GERMAN Christian Democrat looks set to win election today as president of the European parliament, which is to get new law-making powers under last month's Maastricht agreement, writes David Buchan in Brussels.

Mr Egon Klepsch, 61, heads the Christian Democrat group, the second largest in the 518-member parliament, and is sure to win through a deal cut with the Socialists, the largest group, who have filled the presidential chair with Mr Enrique Baron for the past two and a half years.

As nominations closed yesterday evening, no major figure had come forward to challenge the middle-of-the-road Mr Klepsch, a close ally of Chancellor Helmut Kohl. But he may not win an absolute majority of the 518 members on the first ballot this morning, because he faces minor challenges from an Italian communist, a Belgian liberal and a Belgian right-winger.

● Some means of settling future legal disputes arising from the European Economic Area (EEA) agreement creating a 19-nation common economic zone is essential, said Mr Jon Hannibalsson, foreign minister of Iceland which is the current president of the European Free Trade Association (Efta). He was speaking after talks in Brussels revealed that the European Commission still had no proposal for breaking a legal impasse over the EEA accord. EC-Efta talks are due later this week.

Italian ban ends on Philip Morris

Sales of Philip Morris cigarette brands resumed yesterday after a month-long ban imposed by the Italian government to curtail a growing contraband trade, writes Robert Graham in Rome. The government could reimpose the ban if it is not satisfied that Philip Morris has taken adequate measures to reduce the flow.

Hungary intensifies privatisation efforts

By Nicholas Denton in Budapest

HUNGARY'S privatisation authorities have launched a battery of initiatives in an effort to build on last year's record level of sell-offs.

The drive is given urgency by Hungary's recession, which continues despite the highest level of foreign investment in eastern Europe.

The State Property Agency (SPA), the privatisation authority, yesterday announced proposals for improved conditions for investors. It plans to plough back privatisation proceeds into three funds designed to remove much of the political and business risk involved in takeovers.

The funds would allow "quicker and safer investments," said Mr Lajos Csepi, managing director of the SPA. One would help restructure state enterprises; another would temper the unemployment resulting from privatisation; and the third would provide guarantees against hidden liabilities such as environmental damage.

The SPA also signalled further efforts to remove the bureaucratic red tape which often entangles sales of state companies.

Half of state enterprises, including all those valued at under Ft1bn ($12.6m), are to be freed from the agency's direct supervision.

In addition, the SPA appears unlikely to impede plans by some consultants to deal directly with creditors of bankrupt public sector companies.

Completed privatisations attracted $770m in foreign investment last year, roughly equal to that put into "green field" ventures.

Brussels wants universal letter monopoly to continue in Community countries

By Andrew Hill in Brussels and Roland Rudd in London

THE European Commission yesterday said its green paper on European postal services would advocate the continuation in EC countries of monopoly universal letter services that were both affordable and efficient.

A spokesman for Sir Leon Brittan, competition commissioner, said: "What it emphatically does not do is challenge or attempt to whittle away at basic minimum postal services in each member state."

It will advocate that the EC should have a universal letter monopoly.

But this will not exclude measures designed to increase competition, such as ending cross-subsidies from reserved, or monopoly, areas to non-reserved areas. Thus member states will not be able to finance international mail with profits made from letters monopolies.

Brussels intends to publish a policy paper on postal services within three weeks, which could be followed by draft legislation. Officials said the paper would concentrate mainly on international and intra-Community mail rather than domestic services.

The green paper will not prejudge the content of future legislation on the issue, which would have to be approved by a qualified majority of EC member states.

The paper will make it clear that liberalisation should be the rule and monopoly the exception. But it will not propose to end all existing monopolies.

Member states will be able to decide to have a monopoly letter service more limited than the one proposed by the Community, but will still have to ensure a minimum universal letter service.

The paper will advocate continued monopolies for some letters, postcards and addressed direct mail (up to certain limits).

It will not include publications, goods-bearing items or express items, all market segments which have been subjected to extensive liberalisation efforts in individual EC states and in which there is often fierce competition with private sector providers.

Some countries, however, such as France and Italy, have been conservative in their approach toward liberalisation of monopoly postal services. Britain and the Netherlands are the most advanced among EC states in opening up their postal services to private-sector competition.

Each EC country will be able to define the universal service that must be provided. Any service now outside a country's national monopoly cannot be made part of that state's reserved area simply because the service is included in the set of reserved services defined at Community level.

Mr Filippo Maria Pandolfi is the main commissioner responsible for drafting the paper, but Sir Leon has also been heavily involved in preparing it.

Sir Leon is a strong advocate of breaking up public monopolies where they appear to distort competition or restrict benefits for consumers, but the EC treaty stops the Commission dictating whether particular businesses should be publicly or privately owned.

Zurich braces itself for drugs park withdrawal symptoms

By Ian Rodger

European Diary

Switzerland

TENSIONS in Zurich's notorious Platzspitz, one of Europe's main gathering places for drug addicts, have risen ominously in the past few days with the erection of high steel fencing around the benighted park.

The construction signals that the city's tormented leaders have at last settled on a course of action to end an experiment in rehabilitating Switzerland's surprisingly numerous drug addicts.

Platzspitz has become famous as much for its ironic location – within a stone's throw of the glittering shopping and banking plazas of central Zurich – as for the macabre scenes of its everyday life.

City officials admit that the park, which had been intended as a place where addicts could find clean syringes and a path to rehabilitation, had become a huge open market for professional drug dealers.

According to one official, the dealers there were serving not just the 2,000-odd regular addicts in the park but an additional 10,000 or more casual customers from all around the region.

Also, concentration of the region's addicts at Platzspitz was causing increasing resentment among Zurich residents. Not only did it add considerably to the city's operating costs, it also boosted crime levels in the centre of the city to levels that merchants were no longer willing to tolerate.

For all this, the Platzspitz experiment has not been a total failure. Dr Albert Wettstein, Zurich's chief medical officer, says that only 5 per cent of those coming to the park since the free syringe policy was introduced have contracted Aids. Before that, the figure was as high as 50 per cent.

However, last October, the city council conceded defeat and agreed in principle to close down Platzspitz. A new strategy of dispersing addicts, in the hope of getting rid of both the professional dealers and the crime, would be implemented.

This has not proved easy. Other local authorities around the country have not been exactly delighted at the prospect of having their addicts come home. And there has been strong opposition from residents in areas of Zurich where the council has set up shelters for its own Platzspitz refugees.

From yesterday the new fences around Platzspitz and an adjacent underground shopping centre where many addicts sleep at night will be locked from 10pm until 7am.

Transportation is to be provided to take addicts to shelters in the city for the night, but they will be allowed to stay at the shelters only at night, and will be unable to reserve a bed from one night to the next. Non-Zurich residents will be barred after five consecutive nights and pointed toward their homes.

Mr Robert Neukomm, director of the Zurich police department, said Platzspitz would be closed "before the end of the winter". Police patrols would be stepped up to make sure that no new centre for drug dealing established itself.

Zurich's struggle with drug addicts dates from the late 1970s when young people, disaffected with their country's clockwork society, gathered in the Bellevue area of the city. A socialist city administration was loathe to be tough on them. Some counsellors even campaigned to have heroin distributed free.

Under pressure from merchants, city leaders sought a less conspicuous gathering place for the addicts, settling in 1987 on Platzspitz which, although central, is hidden behind the National Museum on a promontory where the Limmat and Sihl rivers meet.

There, dealers could sell their drugs, addicts could inject themselves and no one noticed. The police were under orders not to arrest people who carried only small quantities of drugs, and the social services did what they could.

In 1988, alarm at the rising of level of Aids in the Zurich area prompted the city to institute a policy of distributing free syringes and clean needles in the park.

From then on, Platzspitz grew and grew. According to statistics released this week, 116 people in the Zurich area died from drug-related causes last year, almost double the number of the year before.

Despite its international fame, Platzspitz regulars are almost entirely Swiss. According to the Zurich police, about a third are Zurich residents with almost all the rest from elsewhere in the country.

How they will be provided for once Platzspitz closes remains uncertain. One option was eliminated when the national interior minister, Mr Flavio Cotti, flatly rejected a request from 100 Social Democratic politicians from the canton of Zurich that heroin be distributed free to addicts under medical supervision.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone: 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, Neu-Isenburg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

WORLD TRADE NEWS

US auto makers seek urgent talks with Japanese

By Kevin Done, Motor Industry Correspondent, in Detroit

THE chairmen of the big three US car makers are seeking an urgent meeting next month in the US with Japanese auto industry leaders to continue pressure on Japan to reduce its trade surplus with the US following last week's visit by President Bush to Tokyo.

Mr Robert Stempel, chairman of General Motors, the world's largest car maker which is currently running up record losses, insisted that the visit by President Bush with an American business delegation had been "a historic trip".

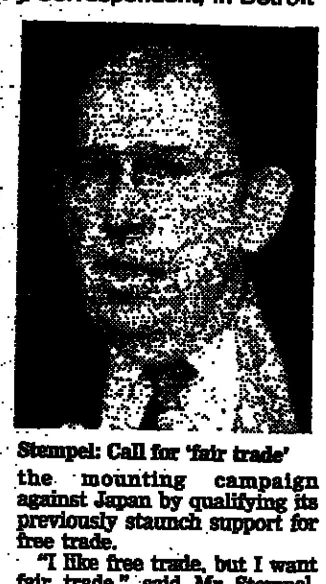
The visit had strengthened ties between US government and US business. The Department of Commerce had become "pro-American business and activist", he said.

Senator Lloyd Bentsen, the Democrat chairman of the Senate finance committee, has repeated claims that the $41bn (£23bn) trade deficit with Japan had cost 800,000 American jobs.

The US auto industry is disappointed by the small concessions made by the big five Japanese car makers towards reducing the trade deficit.

It is eager to exploit mounting protectionist sentiments in the US in order to put renewed pressure on Japanese car makers to take voluntary actions to curb the deficit.

General Motors, which last month announced a programme to close 21 plants and cut its workforce by 74,000 in the next four years, has felt itself forced reluctantly to join the mounting campaign against Japan by qualifying its previously staunch support for free trade.



Stempel: Call for 'fair trade'

"I like free trade, but I want fair trade," said Mr Stempel. "It is a subtle difference, but it is a difference.

"That was why we could go united to Tokyo."

It was this change that enabled Mr Stempel to share a platform last week in Japan with Mr Lee Iacocca, the strongly protectionist chairman of Chrysler, who launched a vitriolic attack against Japan last Friday on his return from Tokyo accusing Japan of "predatory" trade practices.

Mr Stempel claimed that the Japanese car industry was the only one not to cut its stock levels in America at the beginning of last year in the face of the deepening US recession.

Washington keen for Mexican oil reform

By Damian Fraser in Mexico City

THE US is likely to push for a substantial liberalisation of Mexico's oil sector as part of the free-trade negotiations between the two countries, but will fall short of demanding changes to the Mexican constitution, according to a document from the US industry sector advisory committee on energy trade policy matters.

Under the Mexican constitution, hydrocarbon ownership is limited to the Mexican nation. However, current practice allows Pemex, Mexico's oil monopoly, to hire private sector oil companies in exploration and drilling on condition that the contract signed is a service one – that is, that payment received does not depend on oil found.

Nevertheless, in a letter to Mrs Carla Hills, the US trade representative, the advisory committee says: "Mexico has an unofficial, yet effective, ban on American land drilling rigs." Offshore drilling contracts, says the report, are hampered by the need to use middlemen, and it is "extremely difficult to obtain work even with an agent".

The advisory committee calls for a substantial liberalisation of existing laws and regulations in Mexico, saying this would "increase the value of its [Mexico's] hydrocarbon resources". This reform could be carried out within the current constitution.

"The US industry has demonstrated great flexibility in developing contractual arrangements for oil and gas exploration and production to accommodate a variety of legal, political and economic situations," the letter goes on. "If Mexican authorities are interested in obtaining outside participation in upstream activities, contractual arrangements could be developed which would meet their constitutional requirements, assure Mexico favourable investment returns, and provide US companies with incentives necessary for participation."

While Mexico's constitution limits ownership of oil to the nation, it is only the regulation which governs the constitutional article that rules out risk-sharing exploration contracts.

The report highlights other areas that block foreign investment. Service stations and refineries in Mexico, it says, are solely owned by Pemex. The report concludes: "The downstream sector should be open to foreign investment, as it is in the US and Canada. Such investments will bring necessary technology to address environmental problems."

Telecom Australia in Vietnam phone deal

By Emilia Tagaza in Canberra

TELECOM Australia (International) has signed a joint-venture agreement with Vietnam to develop and operate a national mobile telephone service.

The project's cost and the terms of the agreement are undisclosed, but it is believed that Telecom is providing finance for the equipment and management training, while the Vietnam Directorate General of Posts and Telecommunications is providing local premises and customer access.

Mr Ken Loughnan, Telecom International's managing director, said construction of mobile-based stations would start in April. He said that the joint venture would initially provide an analogue mobile system in Hanoi and Ho Chi Min City. It would then expand services to other regional centres and gradually introduce digital services over the next two years. Mr Loughnan said that in the medium term, returns on the service could match those in Thailand, which has roughly the same population as Vietnam, and where mobile telephone services turn in about A$200m (£81.6m) annually.

Telecom's new investment puts Australia ahead of its European competitors in the race to modernise Vietnam's telecommunications. The project complements the international satellite system being operated by OTC, Australia's international carrier.

EC steel industry claims Poles dumping beams

THE European Confederation of Iron and Steel Industries (Eurofer) claims Polish beams are being dumped in the European Community and plans to make a formal anti-dumping complaint to the EC Commission, AP reports from Brussels.

A Eurofer spokesman said yesterday that the beams, used mainly in the construction industry, were being sold at an unfair price on the EC market. It believes the association agreement recently concluded between the EC and Poland, Hungary and Czechoslovakia could exacerbate the problem.

Quantitative restrictions on imports from Poland disappeared at the beginning of January.

Eurofer said it believes the association agreements "will be interpreted by producers in these countries as an invitation to increase their exports . . . through abnormally low prices, favoured by considerable public subsidies."

A Eurofer official said the German industry was being hit hardest by the imports. Polish beams are being sold at around DM480 (£169), while EC prices are between DM150 and DM200 higher, he said.

Japan fears drift towards managed trade

Tokyo feels distinctly uncomfortable with the Bush accords, writes Stefan Wagstyl

JAPAN'S Ministry of International Trade and Industry is worried the economic accords reached with the US during President George Bush's visit could accelerate a drift towards managed trade.

The agreements – which set targets for Japanese companies' purchases of US-made motor parts – have left Miti officials feeling distinctly uncomfortable.

They fear the accords could set a precedent for other industries and other regions, notably the EC, which like the US has a large trade deficit with Japan.

Other officials say the agreements were essential to maintain relations with the US – Japan had little choice given the priority Mr Bush put on the motor industry.

But even the agreement's supporters do not hide their distaste. As Mr Noboru Hatakeyama, the Miti vice-minister for international affairs, puts it: "We are in a dilemma. It would be good for this kind of thing not to exist. But since we are experiencing a lot of trade imbalances with the rest of the world, we think it would be good for the Japanese government to try everything it can within the limits of the government's reach."

The accords announced last week highlight the extent to which Miti has developed a new role for itself in the Japanese and world economy. In the 1950s and 1960s, its main policy was to foster growth through the expansion of exports. By the 1980s, Japanese companies were so successful that Miti began to put more emphasis on export restraint than on export promotion. But this was not enough to satisfy Japan's trading partners. So in the last few years, an increasingly high priority has been put on import promotion.

The government's budget for import-promotion has grown five-fold since 1989 to a planned Y10.1bn (£44.1m) for the year starting in April. In some countries, including the US, the Japan External Trade Organisation (Jetro), which was established for promoting exports, is more active helping foreign companies sell goods in Japan.

These measures are all forms of government intervention in trade. But Miti has been wary of going one big step further and trying to set import targets.

In a sense, the motor parts agreement signed last week has a precedent in the US-Japan Semiconductor Agreement, which was first signed in 1986. In response to great pressure from the US, Japan agreed to measures to regulate trade in semiconductors, including a pledge to help American chipmakers increase sales in the Japanese market. The accord contained a controversial "side-letter" in which Japan acknowledged US companies hopes' that foreign makers would attain a 20 per cent share of the Japanese semiconductor market.

The wording was left deliberately vague at Miti's insistence, since Japanese officials did not want to be bound to a target. But US companies insisted that, whatever the verbal niceties, Japan had made a commitment.

Following much acrimony, the agreement was renewed last year, with the reference to the 20 per cent market share for foreign companies being incorporated into the main body of the accord. There is still plenty of scope for further arguments since US companies believe the deadline for the 20 per cent target to be reached is the end of 1992 and foreign makers' currently have around 15 per cent of the Japanese market.

Some Miti officials fear the motor parts agreement is even more likely to cause disputes than the semiconductor accord. Under the accord, Japanese companies have promised to increase their purchases of US-made parts from $9bn in the 1990 fiscal year to $19bn in the 1994 fiscal year. This includes both imports and purchases by Japanese companies for their factories in the US.

Among the potential causes for dispute is a vague reference to the fact that US parts makers should "make their best efforts" to work with Japanese companies. Another is a loosely-worded Japanese promise to give "special consideration" to the US parts industry. This means Japanese car makers are expected to favour US-owned component makers over the American subsidiaries of Japanese parts companies.

Moreover, the fact that pledges made by private companies are incorporated into a government-to-government agreement could in itself spark future arguments.

It should be said that both US and Japanese officials drafted the agreement under difficult conditions: Mr Bush was under pressure to achieve concrete "results". Miti for its part had to deal with companies which were reluctant to put their names to numerical targets. Both sides also had to steer clear of infringing their Gatt obligations.

Nevertheless, Miti officials acknowledge the accord comes at a delicate time when Gatt members are trying to reach final agreement in the Uruguay Round. One Miti official says the motor parts accord was designed to meet short-term political objectives, at the expense of medium- and long-term goals. The danger is that it may not even do that, given the hostile reception that greeted Mr Bush on his return to the US.

Since 1990, the US has established formal structures for the conduct of bilateral trade relations under a series of 16 "framework" agreements in Latin American and one in Singapore, writes Nancy Dunne in Washington.

While the agreements are viewed by some as "just pieces of paper", they hold the promise for the US, as senior partner, of achieving bilaterally or regionally many reforms which have proved difficult to get in Gatt. In Latin America, they are paving the way for free trade agreements.

The pacts generally establish trade and investment councils to monitor trade and investment relations, pursue the goals of open markets and negotiate agreements. A typical pact was signed with Honduras in November 1990. It set out, as an agenda, co-operation on the Uruguay Round, increased market access, improvement of intellectual property rights protection and reduction of trade and investment barriers.

US Navy foothold for Rolls-Royce

By Daniel Green

ROLLS-ROYCE of the UK and Westinghouse of the US have gained a first foothold on a new generation of ship engines for the US Navy with a $160m (£89.3m) contract to develop a gas turbine propulsion system.

The deal is the first fruit of a collaboration between the two companies announced in September 1991.

Rolls-Royce is the sub-contractor to Westinghouse. Its share of the deal is worth $67m, but this could rise to $120m if all the contract options are taken up.

If the US Navy then presses ahead with full-scale development and manufacturing, it could provide Rolls-Royce with a lucrative new source of income.

"This is our first contract for US Navy ships for more than 20 years," said Rolls-Royce yesterday.

The four-year contract is to develop a 26,400 horse power intercooled recuperated (ICR) gas turbine engine from Rolls-Royce's RB211 aero engine.

The ICR technology alternately cools and heats gases in the engine to improve fuel efficiency. Rolls-Royce says that the result is a 30 per cent fall in fuel consumption. The contract includes design, development and testing.

Algerian Islamic party calls for resistance

By Francis Ghilès in Algiers and Agencies

MOSLEM militants, accusing Algerian authorities of treason, appealed yesterday to the army and people to struggle and block the "giant of power" which had robbed them of victory through the ballot box.

The appeal from the Islamic Salvation Front (FIS) was, however, couched in moderate terms and did not urge the people to take to the streets or start a general strike.

In its first statement since President Chadli Bendjedid resigned on Saturday and the High Security Council scrapped a second round of general elections, set to put the fundamentalists in power, the FIS said: "We call on veteran fighters, thinkers, religious leaders, senior army officers and soldiers, and sons of the martyrs, social organisations and all who love Algeria to take a stand against this giant of power."

The FIS said the authorities had betrayed God and the people in cancelling the elections.

The FIS statement was issued after a secret leadership meeting in an Algiers suburb.

Mr Sid Ahmed Ghozali, the prime minister, sent the army to guard key points. Algiers was calm yesterday. A few dozen tanks, deployed at key buildings and intersections over the weekend, remained in place, but the military otherwise kept a low profile.

Religious leaders, meanwhile, sent out orders from the country's mosques warning militants to remain calm.

France, Algeria's former ruler, appeared to signal relief yesterday that the army had prevented a fundamentalist victory through the ballot box.

But French analysts warned that the "constitutional coup" after Mr Chadli's resignation was a short-term expedient that could spark violence and discredit democracy and the army in the eyes of a frustrated younger generation.

An ultra-cautious French Foreign Ministry statement omitted any mention of the suspension of democracy.

Algeria now faces a constitutional vacuum because its constitution does not appear to have an answer to a situation in which the president has resigned and his normal interim replacement, the president of the National Assembly, is no longer in office.

The National Assembly was officially dissolved on January 4, although the first news of this decision only came when Mr Chadli mentioned it in his resignation speech.

Algerians appear not to expect any trouble from the FIS before Friday, when weekly prayers in the mosques might be followed by a show of force.

The leaders of the FIS are confronted with a dilemma. If they fail to react to cancellation of the second round of the election the fundamentalist movement, especially if it is forced underground, may be taken over by its small extreme wing.

On the other hand, they can have no doubt about the severity of a crack-down if they challenge the army.

Moslem militants polarise Arab world

Francis Ghilès and Tony Walker on fears over the spread of fundamentalism

JUDGING by the wary reaction throughout the Arab world to events in Algeria, Arab leaders do not for one minute believe that attempts to deny Algeria's Islamic party a ballot box victory will be the end of the story.

Rather, concern over the spread of fundamentalism is almost palpable in Arab capitals, at a time when the Islamic tendency has been on the rise regionally.

The Algerian drama also coincides with deepening disillusionment with autocratic regimes across the region, fuelled partly by economic distress. Militant Islam, while most conspicuous, is by no means alone in its opposition to the established order.

Concern will be greatest among Algeria's Maghreb neighbours – Tunisia and Morocco. Tunisian leaders, who crushed the local Nadha (Renaissance) fundamentalist party after concluding several years ago that dialogue would serve no useful purpose, had been most openly fearful that free elections in Algeria would bring the Islamic Salvation Front (FIS) to power.

Tunisian newspapers, predictably, have voiced relief over the steps to deny Algeria's fundamentalists control of parliament. The independent daily, Assabah, yesterday compared developments "to a last-minute change of direction by a train heading towards the abyss".

King Hassan of Morocco, who has kept silent in the face of disturbing events across the border, is certain to be relieved that the fundamentalists have been stopped, if only momentarily, although he cannot be particularly sanguine about the future. Morocco banned an incipient fundamentalist movement in January 1990, but Islamic militancy will almost certainly continue in an

Algeria's drama coincides with disillusionment with autocratic regimes across the region

autocratically governed country burdened by economic deprivation.

In Egypt, where there is persistent tension between the authorities and Islamic militants, the interior minister warned just hours after President Chadli Bendjedid's resignation that the security forces would not tolerate any attempt to sow instability.

"Our commitment to democracy does not limit our movement to confront immediately any attempt to break the law or destabilise security, whether by religious extremists or others," Mr Abdel-halim Moussa told a parliamentary committee. Egypt's banned but tolerated Moslem Brotherhood had cheered the FIS's first ballot triumph as an inspiration for the religious across the region.

Mr Mohammed Hamed Abul-Nasr, the Brotherhood's spiritual guide, wrote to the FIS: "I pray God to grant you a complete and sweeping victory in the final stage and that all Moslems will stand united so that there is no weakness for Satan to exploit."

Saudi Arabia has remained silent on developments in Algeria, but its rulers – under pressure from extremists – are likely to be quietly relieved that the FIS has been denied control for the time being.

The Saudis have been grappling with a resurgence of Moslem militancy among their subjects, a challenge which has provoked unusually forthright criticism from a member of the royal family and from the country's spiritual leader.

In statements widely quoted in December in the Saudi press, Sheikh Abdel Aziz Ben Baz, the country's spiritual leader, condemned as a "conspiracy" against Islam a campaign by militants to undermine the authority of the ruling family.

Extremists have attacked Saudi rulers for alleged personal excesses, for their attempts to modernise the state by allowing a greater role for women, and for their support of the US-sponsored Middle East peace process.

Prince Turki al-Faisal, son of the late king and head of the Saudi intelligence services, expressed the ruling family's concerns in a speech at a Riyadh mosque last month attacking the underground campaign being waged by Saudi militants.

Egyptian and Saudi leaders have also been looking askance at developments in Sudan, where General Omar al Bashir's ruling junta is widely regarded to be in the thrall of the powerful National Islamic Front (NIF), headed by the charismatic Dr Hassan al-Turabi.

The recent visit to Khartoum of Iran's President Ali Akbar Hashemi Rafsanjani and reports that Tehran was supplying Sudan with military training and equipment was enough to generate heated criticism in Cairo's official press.

Mr Ibrahim Nafeh, editor-in-chief of the Cairo daily newspaper, Al Ahram, and a confidante of President Hosni Mubarak, attacked Sudan's alliance with Iran. "God help the brotherly Sudanese people," he wrote. "For years, the situation in Sudan has been deteriorating with governments changing hands consecutively until Gen Al Bashir rose to power in a military coup d'état and overshadowed all previous leaders in his blunt efforts to push Sudan down the drain."

There is little doubt that in both Algeria and in the wider Arab world, the battle between the secularists and Islamic militants has been joined.

Tokyo rewards South African efforts to dismantle apartheid

JAPAN has formally restored diplomatic links with South Africa, which Tokyo feels deserves recognition for moving to dismantle apartheid and establish democratic institutions, writes Robert Thomson.

The two countries exchanged notes yesterday allowing ties to be upgraded from consular to ambassadorial level. Tokyo expects links to be enhanced when South Africa's President F W de Klerk visits Japan later this year.

Japanese Foreign Ministry officials said the decision followed talks in South Africa last month on the drafting of a new constitution. They suggested Tokyo would work to develop "stable relations with a new South Africa".

Japanese companies welcomed the resumption of ties, which follows the lifting last October of economic sanctions, including a ban on direct investment and imports of gold coins and steel.

Tokyo had asked the corporate sector to exercise "self-restraint" after bilateral trade swelled to $4.1bn (£2.3bn) in 1987. The figure fell to $3.32bn in 1990, although the African National Congress condemned some Japanese companies for trading through third countries.

Diplomatic relations were severed after the outbreak of the Second World War, but consular links were re-established in 1952. Japanese officials expect Mr de Klerk to visit Tokyo in the second half of this year.

Delhi approves GM components venture

By K.K. Sharma in New Delhi

GENERAL MOTORS of the US is to set up an Indian joint venture with Hindustan Motors to manufacture auto components, the Indian government said yesterday.

The venture will involve an investment of Rs8bn (£165m), with GM holding a 30 per cent stake. It will export auto components from India to GM's subsidiaries and associates throughout the world.

Later the plant will manufacture light commercial vehicles and fuel-efficient cars within Hindustan Motors' existing licensed capacity.

The project is one of seven approved by the government yesterday, and brings to 10 the number of big foreign investment proposals since India liberalised its investment laws last July. A foreign equity inflow of $120m (£67m) is expected from the 10 proposals.

Approval of the seven projects – which include Coca-Cola's re-entry into India after winding up its operations there in 1978 – is a signal to foreign companies that India now welcomes investment.

Under the liberalised foreign investment policy, companies can win "automatic approval" for their proposals, provided their equity share is limited to 51 per cent. A number of areas closed to foreign companies have been thrown open.

Coca-Cola will re-enter India through a deal with Mr Rajan Pillai, an Indian resident in Singapore, who controls Britannia Industries. An offshore company incorporated in Hong Kong has been set up, in which Mr Pillai has a 60 per cent share and Coca-Cola 40 per cent. The venture will have a total equity of Rs269m, of which the foreign equity will be Rs177m.

Among other proposals approved yesterday was one by General Electric to set up a joint venture with Godrej, the Indian business house, to manufacture white goods such as refrigerators and washing machines. The total equity of Rs1.2bn includes General Electric's investment of Rs480m.

Suzuki Motors' proposal to increase its investment in Maruti Udyog by Rs220m will enable the existing joint venture, in which the government has a share, to increase its capacity, mainly for export.

Also approved was Francis Klein's proposal to set up a venture with Gerb of Germany to manufacture specialised vibration-isolating systems for use in power plants.

NEWS IN BRIEF

Babangida names Nigerian cabinet

NIGERIA'S military President Ibrahim Babangida swore in a new cabinet yesterday, leaving unchanged the important portfolios of oil, finance and foreign affairs, Reuter reports from Abuja.

General Babangida, who has pledged to hand over political power to elected civilians by the end of this year, trimmed the cabinet's size to 20 from 27 and merged some ministries in a cost-cutting exercise.

The retention of Mr Jibril Aminu, current Opec president, as petroleum minister, Mr Abubakar Alhaji as finance minister and Mr Ike Nwachukwu as foreign minister indicated business as usual in Nigeria. Two cabinet newcomers were also sworn in: Mr Clement Akpangbo, head of the Nigerian Bar Association, who becomes justice minister, and Mr Sam Oyovbaire, who heads a merged Information and Culture Ministry.

Kenyan scientist arrested

A prominent environmentalist yesterday became the third person arrested in connection with rumours President Daniel arap Moi planned to stage a coup to forestall Kenya's first multiparty elections in nearly 26 years, AP reports from Nairobi.

Ms Wangari Maathai, a former professor of microbiology at the University of Nairobi, was taken by two policemen from her house in Nairobi where she had barricaded herself since Sunday, a journalist at the scene said.

Mrs Maathai heads the Green Belt Movement, an organisation devoted to planting trees in deforested areas. She was one of 10 members of the opposition Forum for the Restoration of Democracy party who told reporters on Friday that the president planned to hand over the government to the military.

Iraqi ambassador resigns

Iraq's ambassador to the Netherlands, Ms Safa Salih Al-Falaki, announced yesterday he had resigned from his post to protest against the dictatorial regime of President Saddam Hussein, AP reports from the Hague. He asked for permission to stay in the Netherlands with his family.

Mr Al-Falaki, who shunned publicity during the Gulf crisis that resulted from Iraq's invasion of Kuwait in August 1990, said: "I am blaming Saddam Hussein." He did not elaborate.

Pakistan 'has N-bomb'

The US believes Pakistan possesses the "Islamic bomb" and fears it could become part of a nuclear-armed, fundamentalist Moslem bloc in Central Asia, a US senator said yesterday, Reuter writes from Islamabad. Pakistan has denied developing nuclear weapons, but Republican Senator Larry Pressler told a news conference in Islamabad that Washington was convinced it had a usable nuclear device.

"These are unenlightened, uninformed views of a man who has not studied this region seriously," said Mr Sardar Asif Ali, economics minister of state, who recently led a Pakistani delegation to the newly independent states of Central Asia.

Mr Pressler is vilified in Pakistan as the author of legislation under which all US military supplies and new economic aid were cut in 1990 over fears that Pakistan was making nuclear weapons.

Oman-Azerbaijan oil deal

Oman and Azerbaijan yesterday signed a memorandum of understanding outlining their future co-operation in the field of oil, the Omani news agency said, Reuter reports from Nicosia.

Khitam Saufir (left), wife of Ali Hassan Khatib, one of four West Bank residents facing deportation, waits yesterday under military watch outside Hebron military court where a review board was scheduled to hear an appeal

Mideast talks leave the corridor

By George Graham in Washington

THE Middle East peace process took a decisive step forwards yesterday when Israeli, Palestinian and Jordanian negotiators resolved a procedural deadlock that had until then blocked progress.

Delegates reached a compromise on a "twin-track" negotiations, settling a dispute over whether Israel should meet with separate Jordanian and Palestinian delegations or with a single joint delegation.

At last month's first round of bilateral talks, delegation heads wrangled over this procedural point on a sofa in a State Department corridor, refusing even to enter the rooms set aside for them.

Yesterday, however, a preliminary round of haggling led to a procedural compromise: Israel will discuss Palestinian issues with a sub-committee composed of nine Palestinians and two Jordanians, and Jordanian issues with another sub-committee composed of nine Jordanians and two Palestinians.

"Corridor diplomacy is ended," said Mrs Hanan Ashrawi, spokeswoman for the Palestinian delegation.

The arrangement is expected to allow discussions to begin on substantive issues, including the question of autonomy or self-government for Palestinians in the West Bank and the Gaza Strip.

"Well, they resolved something this morning because – and I use their term, not ours – they are off the couch," added Ms Margaret Tutwiler, the State Department spokeswoman.

Israel also held separate bilateral talks with Syria yesterday, while a meeting with Lebanon was put off until today because the chief Lebanese delegate had influenza.

The talks are likely to be short, however, because Israeli negotiators, who arrived in Washington last week, have warned that they plan to leave tomorrow night.

The Arab delegations delayed their arrival in protest at Israel's decision to expel 12 Palestinians from the occupied territories, and only agreed to come after last week's strongly worded condemnation by the United Nations Security Council of the Israeli decision.

Nevertheless, Washington observers point out that the peace process is at least still under way.

None of the parties has moved to break off talks, and several countries have, in fact, begun to show signs of flexibility in their negotiating positions.

India bids to repair trade relations with Russia

By K K Sharma

INDIA'S foreign minister, Mr J N Dixit, left for Moscow yesterday on a mission to improve relations with Russia and the other republics left from the disintegration of the Soviet Union.

India, which was the Soviet Union's main ally in Asia, misjudged developments, placing its trust in Mr Mikhail Gorbachev and failing to nurture relations with Mr Boris Yeltsin, the Russian president. It now finds itself without the preferential treatment it had enjoyed.

Relations with Russia and the republics are important not only because the Soviet Union was the main supplier of cheap and advanced defence equipment for India but also because it was a key trading partner.

Mr Dixit's delegation includes Mr A V Ganesan, commerce secretary, and Mr N N Vohra, defence secretary.

Since Soviet defence supplies dried up several months ago, the Indian armed forces find themselves equipped with sophisticated weapons which could become unusable because of lack of spares.

An annual trade protocol between India and the Soviet Union used to be signed every December for decades. It was based on barter arrangements and last year's agreement was worth Rs90bn (£1.86bn). The protocol for 1992 is still to be discussed with Russia and those for the other republics and are nowhere in sight.

Trade has been cut to a trickle and India is short of supplies of Russian oil, natural gas, fertilisers and ferrous and non-ferrous metal which it used to import in mass.

Indian exports are also affected and many businessmen have made shipments for which payment has still be made. They are refusing to export more goods without a suitable payments arrangement.

Before the trade protocol is signed, the vexed question of the rupee-rouble exchange rate has to be sorted out.

Keating back on high-wire, watched by nervous markets

Former treasurer, now PM, leads Labor balancing act to restore confidence in Australian economy, writes **Kevin Brown**

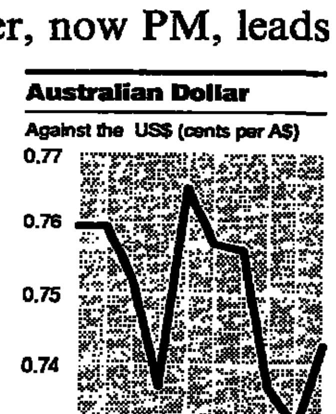
AUSTRALIA'S Labor government faces a difficult balancing act over the next few weeks as it seeks to restore confidence to the flagging economy without spooking nervous financial markets.

Mr Paul Keating, the former treasurer (finance minister) who replaced Mr Bob Hawke as prime minister in December, got the job because Australians had lost faith in Mr Hawke's ability to guide the economy out of recession..

Paradoxically, Mr Keating's mismanagement of monetary policy was partly to blame for seven quarters of flat or negative growth which has pushed unemployment to a post-war record of 10.5 per cent.

Nevertheless, he appeared to be the only hope for a government traumatised by Mr Hawke's loss of direction, and desperate to achieve an economic recovery in time for the next general election, due in May 1993.

Australian Dollar



Source: Datastream

Mr Keating has been uncharacteristically quiet since ousting Mr Hawke in a ballot of Labor MPs on December 19. But he has promised an economic statement in late February or early March to "get the economy moving again".

In the meantime, the prime minister and his cabinet are travelling the country talking to state and business leaders to cast off an image of cosy Canberra-bound isolation which built up under Mr Hawke's leadership.

The government is offering a stimulus intended to kickstart the economy through a mixture of tax incentives for investment, job creation schemes, and pump-priming through direct government investment at state and federal level in infrastructure projects.

It is a strategy which will be sympathetically received by business groups, which have been complaining for months that the economy is in much worse condition than the government's Canberra-based economic advisers have claimed.

Mr Keating's problem is that the statement must deliver a stimulus big enough to have a real impact on the economy, or it will be forgotten within days, as was a A$300m (£122m) stimulus delivered by Mr Hawke in November.

But it is not clear how a larger fiscal stimulus can be reconciled with the government's long-term target for a balanced budget, stable currency and a reduction in last year's A$15.7bn current account deficit.

The federal budget is forecast to be in deficit by A$5bn this year as a result of extra spending and reduced revenues caused by the recession, but is claimed by the government to be in structural surplus – implying that the deficit will disappear when the economy recovers.

Mr John Dawkins, the former employment minister who was appointed treasurer at the end of last month, says there is scope for further relaxation of fiscal policy without endangering the structural surplus.

Scepticism about the budget arithmetic was behind a fall of more than 1.5 US cents in the value of the Australian dollar last week as overseas investors sent a powerful warning about the dangers of too much pump priming.

The currency regained some stability yesterday , when it recovered to close at 74.2 US cents in Sydney and at the same level later in London after intervention by the Reserve (central) Bank of Australia and the US Federal Reserve.

But most economists expect it to continue to decline over the next few weeks to between 70 and 72 cents as uncertainty about the Keating statement continues.

A decline of that much would not unduly concern the government, which would welcome the short-term beneficial impact on Australia's exporters of minerals and agricultural goods.

But speculative pressure on the volatile Australian dollar could cause a currency crisis if Mr Keating's statement fails to demonstrate that the federal budget is under tight control.

A lower exchange rate also risks re-igniting inflation, currently 3.3 per cent. The rate is expected to fall further in figures for the December quarter due later this month, but the falling dollar could worsen a forecast upward trend later in the year.

The government's freedom of movement is further constrained by the current account deficit, which reached A$21bn in 1989/90 before falling slowly last year, and the A$133.5bn foreign debt, equivalent to about 31 per cent of gross domestic product.

Mr Dawkins said recently that he expected the deficit to fall to A$14bn in the current year, equivalent to 3.25 per cent of GDP – low enough to slow the growth of the debt-to-GDP ratio, but not to stabilise it.

However, monthly figures for the first five months of the year suggest that the deficit will again exceed A$15bn, even if the economy remains in recession.

The dilemma for Mr Keating is that too large a stimulus could worsen the deficit, leading to a renewed balance of payments crisis followed by another economic slowdown.

But too small a stimulus could fail to take effect until next year – too late to affect the election.

Mongolia ends communist ways

MONGOLIA, where even the matches are rationed after 70 years of Marxism, passed a new constitution yesterday throwing out the last vestiges of communism and enshrining democracy and a market economy, Reuter reports from Ulan Bator.

The document, which takes effect on February 12, makes Mongolia a democratic parliamentary state with an independent judicial system and guarantees freedom of speech, faith and other basic human rights.

References to the communist party, Marxist ideology and centralised planning have been erased. The former People's Republic of Mongolia, sandwiched between Russia and China, is now the State of Mongolia and the communist star has gone from the flag.

The national emblem – a white horse jumping to the left, symbolising socialism jumping over capitalism – has been replaced by a winged horse running to the right.

AMERICAN NEWS

US banks win court fight for more powers

By George Graham in Washington

US BANKS yesterday won a victory in their battle to offer a broader range of financial services when the Supreme Court refused to review a key appeals court ruling allowing some banks to market insurance.

The Supreme Court decided to let stand a ruling that allowed Citicorp group of New York to continue to exploit Delaware state law by selling insurance policies through its Delaware unit. Insurance agents have been battling to close the Delaware loophole through this legal challenge and by efforts to include a ban on insurance sales in last year's banking bill.

"Obviously our legal options have now been exhausted. The only arena that is left is the legislative arena," said Mr Bob Rusbuldt of the Independent Insurance Agents of America, which had brought the case against Citicorp.

The loophole has illustrated the tug of war over the US financial services industry in recent years, as banking regulators have used state and federal law to expand the services that may be offered by banks.

The 1990 state law allowed banks to enter the insurance business through locally chartered subsidiaries, an opportunity taken by Citicorp and Bankers Trust. Last year's banking legislation blocked Delaware from allowing insurance underwriting, but left open the right to sell policies.

Insurance agents are incensed that Citicorp plans to market Aetna homeowners' insurance policies even in states, such as Florida, which do not allow their own banks to do this.

A similar loophole in federal law has been used by the Office of the Comptroller of the Currency to allow federally chartered banks based in towns with fewer than 5,000 inhabitants to sell insurance in their home states.

The Office of Thrift Supervision, meanwhile, last month announced an expansion of the right for savings and loans institutions in its jurisdiction to open branches outside their home states – just weeks after Congress had decided against similar interstate branching powers for banks.

Many bankers believe that this approach, rather than another bid for a comprehensive banking reform bill, is their best tactic for winning new privileges.

While the Treasury and the leaders of the House of Representatives banking committee publicly favour an effort to reintroduce banking legislation this year, many members of Congress believe it will be almost impossible to win political support for a fresh try.

Citicorp management changes, Page 19

Tobacco liability case resumes

By Nikki Tait in Washington

US SUPREME Court hearings resumed yesterday in the long-running tobacco product liability case, Cipollone versus Liggett, with Judge Clarence Thomas, the newest appointee to the court, hearing the matter for the first time.

Essentially, the court must decide whether federally mandated health warnings on cigarette packaging pre-empt remedies under state product liability laws.

The case is seen as one of the most important business-related issues which the Supreme Court will consider during the current term, with implications spreading beyond the tobacco industry.

In all arguments yesterday, the plaintiff's lawyers claimed that Congress had never intended to give companies "a cast-iron guarantee" against all state tort action. The defendants, by contrast, claim that the tobacco legislation was designed specifically to fall outside the normal US pattern of federal law supplemented by state regulation.

Some observers have argued that a ruling in favour of pre-emption could effectively end litigation against US tobacco companies, while others have claimed that a ruling the other way will prompt a flood of new smokers' law suits. This, it is claimed, could expose tobacco companies to more than $100bn (£56bn) in liabilities.

The Supreme Court heard arguments in the matter last October but subsequently asked for them to be re-presented. This prompted speculation that the judges were divided 4-4, and that Judge Thomas, who joined the court after October, effectively holds the casting vote.

Mexican trade deficit over $5bn

MEXICO'S trade deficit climbed to $5.09bn (£2.8bn) in the first 10 months of last year, Damian Fraser reports from Mexico City. Excluding revenues from *maquiladoras*, or in-bond plants, the deficit reached $8.48bn, or $1.14bn more than in September.

The deficit, excluding *maquiladoras*, is likely to top $10bn for 1991, against $4.14bn the year before.

The government took comfort from the continued growth in non-oil exports, and the recent slowdown in the rate of increase of consumer imports.

● The Mexican government has handed over the presidency of two municipalities in the states of Tabasco and Veracruz to the left-wing Party of Democratic Revolution (PRD), after complaints of fraud had undermined the ruling party's victory in local elections. Some 500 rural workers had marched 1,100km in protest to Mexico City, where they were met in the main square by around 20,000 sympathisers.

It is the third time this year the ruling party has conceded a victory after protests, but the first time to the PRD.

L'affaire Lindros puts Canada's language differences on the ice

Bernard Simon on the athlete who snubbed francophone Quebec

ERIC LINDROS is one of North America's finest up-and-coming athletes. Named by the New York Times as the sportsman to watch in 1992, the lanky 18-year old Canadian ice-hockey player is already being compared to the legendary Wayne Gretzky, 12 years his senior.

Unfortunately, Canadian politics and the peculiar way ice hockey does business have thrown a cloud over Lindros's career. Every hockey buff (and many others too) seems to have a view on whether Eric is a spoilt brat or an astute businessman, a small-town bigot or a normal teenager who just wants to feel at home in the place where he earns a living.

In francophone Quebec, "l'affaire Lindros" has little to do with No 88's skills on the ice. The refusal by an English-speaking Ontario boy to play for a team in French-speaking Quebec City has become a *cause célèbre* reflecting the ethnic prejudice many of Quebec's 5m francophones detect in anglophone Canada.

Feelings are running so high that several Quebec members of parliament want Lindros barred from Canada's team to the 1992 winter Olympics. Even prime minister Brian Mulroney has been drawn in, trying to smooth French-Canadian feathers by singing the praises of Quebec City.

The Lindros affair has also put a spotlight on the cartel-like National Hockey League, in which team owners decide among themselves on the rules for selecting rising players. "Everyone has the right to work where they want to work," Lindros told a Canadian magazine recently. "The old way has got to change."

Under NHL rules, the bottom team at the end of the season gets first choice in the following year's "draft", where new players are distributed among the 22 teams. The system is designed to even out talent and prevent wealthy owners in cities such as New York and Montreal buying up all the best players.

To no one's surprise, the laggards of the 1990/91 season, the Quebec Nordiques, pounced on Lindros at last June's draft.

But Lindros and his ambitious parents had already made it clear that, if called, he would not serve. When the Nordiques' pick was announced in front of the TV cameras, Lindros pointedly turned his back on the tradition of donning a team jersey.

At first, the reason the Lindroses gave was money. The deal Quebec offered, reportedly worth between C$30m ($26.3m) and C$50m over 10 years, was not generous enough. Playing for a mediocre team from a smallish city in French-speaking Quebec, the Lindroses reasoned, would limit Eric's income from advertising contracts and sponsorships.

The fuss might have died down had the Lindroses then not made some indiscreet remarks about Quebec politics, and how difficult life would be in Quebec City for a monolingual teenager from Oshawa. "He'd be living in a community that's an emotional time bomb," Lindros senior told the Toronto Globe & Mail recently, referring to the debate on Quebec separatism.

Lindros and his supporters are urging the Nordiques to trade him to a team more to his liking. The Nordiques could probably pick up several first-rate players in exchange.

But under NHL rules the team owns the rights to its draft choice for another two years. It initially took a hard line, hoping that Lindros might change his mind and help revive its flagging fortunes. Mr Jamie Wayne, a Toronto sportswriter, notes that "he's the sort of asset any team waits a lifetime to get".

The Nordiques have, however, lately reconciled themselves to Lindros never putting on their jersey. In early January the team's general manager said he was willing to consider offers from other clubs for the young superstar-to-be.

For the time being, Lindros remains with the Oshawa Generals, an amateur team from the gritty industrial city east of Toronto where General Motors' Canadian subsidiary has its head office. But he has already signed advertising contracts worth at least half a million dollars.

Eric Lindros, in Canada colours, skates past a Quebec flag during a warm-up before an international match against the Soviet Union. Now some Quebec MPs want him banned from the Canadian Olympic team

Test for Collor's austerity policy

By Christina Lamb in Rio de Janeiro

BRAZIL'S President Fernando Collor today faces a crucial political test of his government's fiscal austerity policy which could determine his success in obtaining a $2bn loan from the International Monetary Fund next week.

The government is fighting for congressional approval of legislation to increase social security contributions in order to pay a 147 per cent rise in pensions granted last week by the Supreme Court.

Mr Collor claims that the state welfare system is bankrupt and that the extra Cr11,000bn ($10bn) that the pension increase would cost the Treasury would wipe out all its gains from recently approved tax reforms. This would jeopardise its proposed fiscal adjustments due to be presented to the IMF next week.

But amid growing controversy over the system's lack of funds it seems unlikely that the government will secure approval of the new law, under which even pensioners would have to contribute.

Yesterday Mr Genebaldo Correia, congressional leader of Brazil's main political party, the PMDB, said it would vote against the project, and demanded that the government open the accounts of the welfare system.

The government insists that the changing demographic profile of Brazil's population is responsible for the welfare system's parlous financial state.

But opposition politicians claim that the government has been using the funds to finance schemes such as Mr Collor's pet multi-million-dollar project to construct integrated education centres.

Investigations by the Brazilian media have revealed that in Rio the fund is riddled with waste and maladministration, paying out fraudulent claims last year of $337m, as well as continuing pensions to 44,000 dead people and allegedly even paying to feed horses at Rio Jockey Club.

UK NEWS

Rescue scheme on home loans flounders

By John Willman and David Barchard

GOVERNMENT schemes to relieve the plight of British homebuyers who face repossession of their homes because they cannot meet repayments have failed to get off the ground, it emerged yesterday.

A seminar organised by the National Federation of Housing Associations (NFHA) in London was told yesterday that mortgage lenders and housing associations were still at loggerheads over the mortgages-to-rent scheme which formed the centrepiece of the mortgage rescue package announced before christmas.

An earlier scheme to encourage lenders to offer empty repossessed homes to the homeless through housing associations has also failed to make progress.

Meanwhile, there seems little evidence that lenders have eased their repossessions policies since christmas.

Some housing association executives at yesterday's seminar suggested the government had acted hastily in announcing its scheme without finalising the details because of the mounting political pressure over repossessions.

Under the mortgage rescue package announced by the chancellor of the exchequer on December 19, the government agreed to pay direct to the lenders the social security benefits claimed by those home-owners unable to meet repayments. This would cover the mortgage interest owed to the institutions.

In return, the lenders agreed a package of measures to help home-owners in mortgage difficulties. The measures were expected to reduce repossessions by 40,000 in 1992. These included a less aggressive approach to repossessing the houses of people in arrears and a mortgage-to-rent scheme whereby housing associations could buy homes about to be repossessed and rent them back to their former owners.

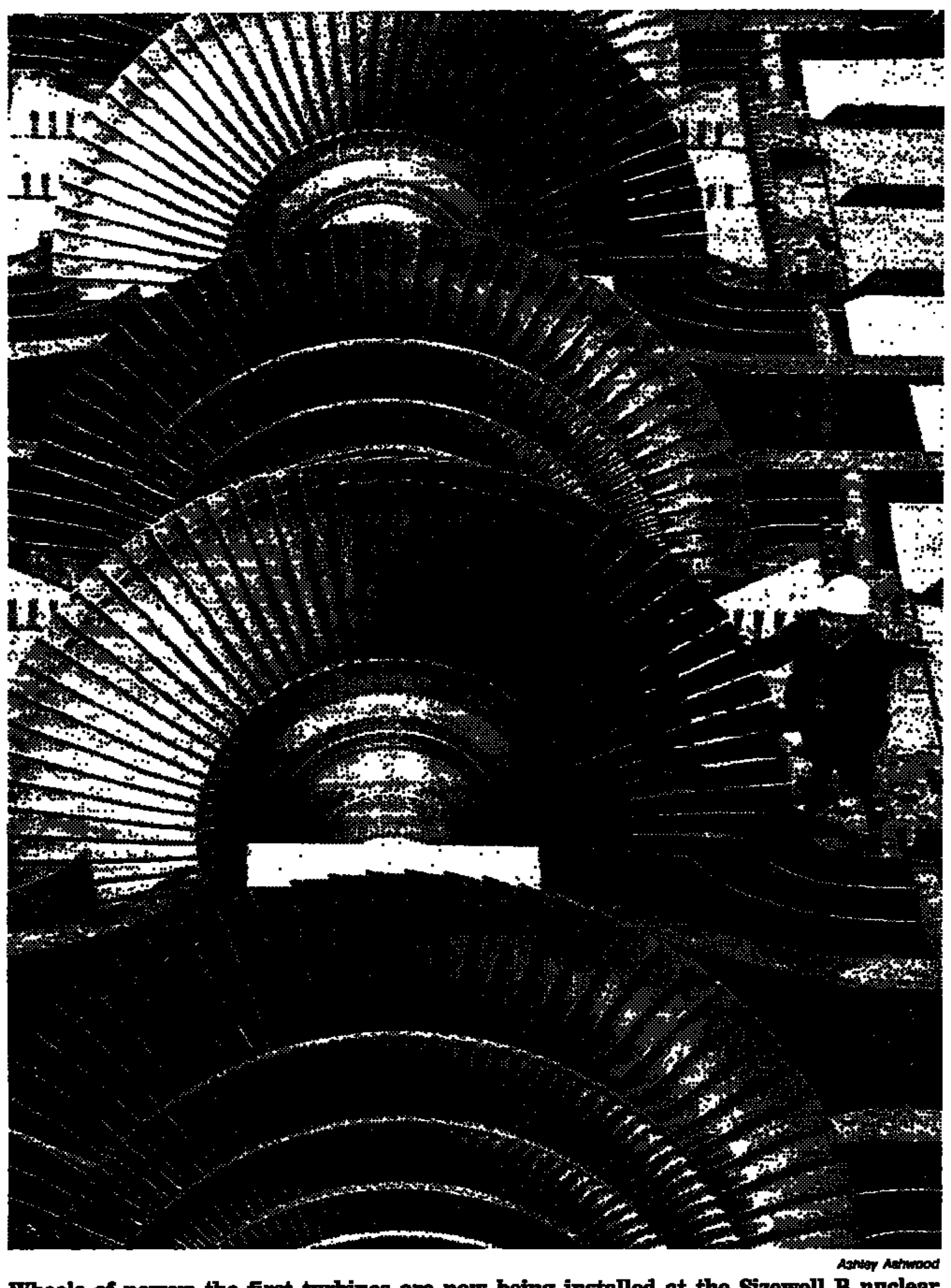
To make the rents affordable, the lenders said they would provide almost £1bn of low-interest loans to the housing associations. The associations say they need funds at rates as low as 5 per cent to enable them to charge affordable rents. However, the offers so far have been considerably above this figure.

Housing associations have been inundated with requests from home-owners seeking to join the scheme. But Mr Stephen Duckworth, head of housing finance at the NFHA told the seminar only a "limited number" of associations and lenders had begun negotiating terms for the loans.

Abbey National, a major UK lender, said: "We look at all cases and avoid repossession where we can. But no scheme has been introduced yet, and there will be no changes until one is fleshed out."

Mr David Gilchrist, manager of general operations at Halifax, the largest lender, added: "We are looking hard at cases which might have gone into repossession, but our basic policy hasn't changed."

There remains a gap in all the rescue schemes, as centralised lenders, the specialist mortgage companies which entered the market during the 1960s and which now have substantial arrears and repossessions cases, have not agreed to take part.



Ashley Ashwood

Wheels of power: the first turbines are now being installed at the Sizewell B nuclear power station under construction on the Suffolk coast, eastern England. Almost all the civil engineering work on the station, due to start up in 1994, is now complete.

UK consumers put emphasis on debt repayment

By Emma Tucker, Economics Staff

THE RELUCTANCE of British consumers to borrow, reflected in official figures released yesterday, underlined expectations of a slow economic recovery.

Demand for credit shrank in the three months to November, when consumers made a net repayment of £216m. This compared with net borrowings of £183m in the previous quarter.

In November, the latest month for which figures are available, consumers made a net repayment of £33m on credit agreements with finance houses, savings and home loan institutions and on bank credit cards that are part of the Visa or Mastercard system. This follows a net repayment of £76m in October.

According to the seasonally adjusted figures from the Central Statistical Office, November was the fourth successive month in which consumers made a net repayment. The last increase in outstanding credit was in July when consumers added £187m to their overall debts.

The amount of new credit advanced to consumers in November was £3.74bn – the lowest since June. In October new credit advanced was £4bn.

Consumers, chastened by rising unemployment and high interest rates, appear to be making the repayment of expensive debts accrued in the 1980s a priority. Although the low credit figures are bad news for the government which is hoping for a consumer led recovery, government ministers will have been heartened by a small upwards revision in retail sales volumes for November.

Revised figures for retail sales in November, seasonally adjusted, showed a 1.3 per cent increase on October. However, in the three months to November the volume of retail sales was down 0.3 per cent on the previous three months. Household goods (including white goods and furniture), which are particularly sensitive indicators of consumer confidence were down 2 per cent while clothing and footwear were down by 3 per cent.

Lack of consumer confidence was further highlighted by credit card debt figures where amount outstanding increased by £50m in November against £69m in October. In the three months to November the amount outstanding rose by only £45m compared with an increase of £173m in the previous three months.

Mr Michael Saunders, UK economist for Salomon Brothers International, said he expected to see the emphasis on paying off debts continuing into this year.

A shake-up in the way Britain monitors its economy is likely following the appointment of Mr Bill McLennan, 49, an Australian statistician, to head the Central Statistical Office, writes Peter Marsh. The CSO, the main agency for economic statistics which reports to the Treasury, has been criticised for failing to use the latest ideas and technology in tracking economic change.

BRITAIN IN BRIEF

BAA traffic figures climb 3.1% to 5.5m

Air traffic is continuing to recover from its depressed levels of last year but the civil aviation industry is still struggling to climb out of recession.

BAA, the former British Airports Authority, reported yesterday that passenger traffic at its eight airports increased by 3.1 per cent to 5.5m passengers last month compared with December 1990.

British Airways also reported a continued recovery in traffic last month with a small 0.3 per cent rise compared with the same month of last year. But the BAA figures also showed traffic on UK domestic routes was still 1.6 per cent below last year reflecting the impact of the recession on domestic air travel.

Insider dealing trial to start

The biggest insider dealing trial yet launched begins at the Old Bailey today. Five people face charges under the 1985 Company Securities (Insider Dealing) Act in connection with alleged offences that took place in 1988.

It will be the first case brought against so many people, and the first alleged ring charged with conspiring to profit by using unpublished price-sensitive information.

The case is brought by the Department of Trade and Industry against Mr Mark Riding, 27, Mr David Gray, 32, Ms Catherine Smith (née Rowlands), 32, Mr William Liggins, 33, and Mr Keith Tondeur, 43. All worked for financial institutions.

The five were committed for trial on March 15 last year in relation to dealings during the period May to August 1988 in the shares of Ranks Hovis McDougall, the UK foods group then subject to a takeover bid, Pleasurama, the leisure group taken over by Mecca Leisure, and/or Hawthorn Leslie Group, the USM-quoted cellular phone company which acquired ECT Cellular and London Car Telephones around that time.

Port authority defends sale

The Tees & Hartlepool Port Authority has released the text of a letter to employees defending its decision to sell the port to a consortium called Teesside Holdings for £180m.

The authority's decision to sell the port to Teesside Holdings has brought bitter protests from the management-employee buy-out team which had submitted a rival bid of £150m during the privatisation process.

Mr Peart said in his letter to employees that some of the critics of the sale procedure had opposed privatisation from the outset and others were motivated by the need for publicity.

Water group to invest £350m

Nine water companies are to invest a total of £350m in advanced water treatment works in order to bring their operations into line with the EC drinking water directive.

They cover seven per cent of England's water supply and serve over 4m people. The British government is currently before the European Court over its failure to ensure that drinking water in some parts of England meets the European standard.

Trevor Humphries

Mr Alan Benjamin, master of the Worshipful Company of Information Technologists, shows off the robes which will distinguish members of the 100th recruit to the City's most exclusive club: the livery companies. Such companies, which include the mercers, haberdashers and goldsmiths are descendants of the mediaeval craft guilds.

New target for Ford workers

Workers at Ford's Fiesta production plant at Dagenham, Essex, have been told productivity must improve sharply if the plant is to be sure of having a role in building the current model's successor.

Ford denied it had issued an "ultimatum" to the Dagenham work force, but acknowledged that a series of targets has been set for improving the plant's performance.

If these were not met, the "ultimate sanction is that the business can be lost", said a spokesman. According to a confidential internal Ford memo, the 7,000 workers employed on Fiesta production at Dagenham required 52.2 hours to build a car in 1990, compared with 29.9 hours at its Cologne plant in Germany.

Job losses at Ravenscraig

The Fraser of Allander Institute, Scotland's leading economic forecasting body, says about 5,500 people excluding steelworkers will lose their jobs in the next four years because of British Steel's closure of steel plants in Lanarkshire. This is considerably lower than figures in the region of 16,000 indirect job losses circulated last week when British Steel said it would be closing the remainder of its Ravenscraig complex later this year with the loss of 1,220 direct jobs.

Setback on Ulster talks

Hopes of starting fresh "round table" talks on the political future of Northern Ireland before the general election have received a setback.

Mr Peter Brooke, the Northern Ireland secretary, said that unless outstanding differences between the parties were resolved in the "reasonably near future" it was unlikely that substantive talks could start before the election.

Court told of US liability

Lloyd's underwriter Mr Richard Outhwaite should have known that the insurance of US asbestos liabilities was "a potential problem of enormous magnitude", the High Court has been told. Mr Outhwaite is at the centre of a civil action brought by 987 members of Lloyd's syndicate 317/661 managed by RHM Outhwaite Underwriting Agencies. The Names allege that the negligence of the agency and 81 other underwriting agencies in placing them with Mr Outhwaite's syndicate was responsible for insurance losses of over £200m. The case continues today.

Crown Jewels to be moved

The Crown Jewels, Britain's priceless assets, are to be made more accessible. The move is aimed at maximising revenue for the Department of the Environment – currently estimated at £11.5m a year in visitors' receipts.

James McCallum

James (Jim) McCallum, who died in hospital on Sunday at the age of 28, had in 2½ years already established a reputation as a skilled and accurate FT reporter who could get to the heart of complicated financial markets and explain them with clarity and authority. He joined the FT's UK stock market reporting team, quickly establishing a reputation with his colleagues and the markets. He suffered an aneurysm of the brain on New Year's Day and was admitted to St Bartholomew's Hospital, London.

BR chief unveils criteria for sell-off

By Robert Rice

BRITISH RAIL chairman, Sir Bob Reid, took steps last night to bury the growing perception that the British Railways Board is opposed to privatisation and wants to see the railway sold off as a whole.

He said these two "propositions" could not both be right and in fact they were both wrong. "I have never expressed a desire to see the railway sold off as a whole. Our wish is to see preserved both the safety and integrity of operation and access to a national network for the customer," he said.

The Board could see no objection in principle to the involvement of the private sector. Much of what was part of BR – ferries, hotels, manufacturing – had already been privatised.

Sir Bob said he wanted to see more joint operations. Open access was a government policy aim and the privatisation debate had to bear in mind those implications.

The options for privatisations should be tested against five criteria, he said. Privatisation should:

- build on the Board's success in pursuing value for money;
- it should lead to improved services for customers and ensure a national network remained open to them;
- it should allow a railway to compete vigorously within the the domestic and international transport markets for passengers and freight;
- it must meet the needs of operational integrity and protect safety of operations; and
- it must provide for the necessary investment in the railway to continue without a damaging hiatus.

Recovery in truck sales is forecast by Leyland Daf

By John Griffiths

LEYLAND DAF, which has deposed Iveco Ford as the UK truck market leader, says it believes commercial vehicle sales may be at last "turning the corner" after the worst year for truck sales in the UK for 38 years.

Only 32,154 trucks over 3.5 tonnes found buyers last year, a drop of 33.7 per cent on 1990 and less than half the level of 1989, when 69,234 were sold.

However, according to Mr David Gill, Leyland DAF's truck marketing and sales director, "all the evidence suggests there will be recovery this year".

While its strength and speed is likely to be influenced considerably by the general election which must be held before July, , Leyland DAF's own forecast – echoed by some other manufacturers – is a recovery to between 38,000 and 42,000 sales this year.

The truck industry's problems, reflected in short-time working, job cuts and a widespread plunge into losses – or at best, savagely reduced profitability – were exacerbated by the steepness of the decline.

Statistics from the Society of Motor Manufacturers and Traders show it to have been the sharpest decline since the second world war. They show some other commercial vehicle sectors to have been less badly hit – but only marginally.

At 209,021 total sales of commercial vehicles, including vans and coaches and buses, were down 28.78 per cent on 1990's 293,473, representing a 43.68 per cent drop on sales in 1989.

Some support for manufacturers' slightly more optimistic view of the market was provided by statistics for December, which showed a drop of only 12.37 per cent in sales of all commercial vehicles, to 11,288, compared with the previous year's level.

Another consolation UK-based manufacturers could draw was that the share of the total market taken by imports last year fell by more than two percentage points, to 35.51 per cent from 37.62 per cent in 1990. The sharpest fall in imports came in one of the biggest market sectors, for small vans – mainly those derived from cars. The share of importers – led by Peugeot group and Renault – fell by 45 per cent, compared with a market drop of 31.87 per cent.

Japanese models queue up for life in the fast lane

John Griffiths on how changes in the way Nissan distributes its cars have affected dealers and customers

AT SEVEN o'clock on New Year's Eve, Reg Vardy, the publicly owned north-east England car dealer group, had no building from which to start selling Nissans. At 7.20pm, after a final inspection, Vardy directors accepted bright new showrooms just three miles from the Nissan manufacturing plant in Sunderland.

By 9.45am on New Year's Day the first of two transporters from the plant arrived. At 10.30am, after a flurry of polishing, cars had been dewaxed and pushed into the showroom. A few seconds later the first dealer in the new network set up by the Japanese carmaker was in business – and a 21-year era ended for Nissan in the UK.

Nissan Motor (GB), the manufacturer's new distribution organisation, has already delivered 3,000 cars to the 150 dealers – many of them part of large public groups – that make up the new network.

The pipeline that ran from 1970 between Nissan and Mr Octav Botnar's Nissan UK import and distribution organisation and his AFG dealer network is dry, fractured by the row between Nissan and Mr Botnar last year.

But as Nissan Motor (GB) showrooms opened in increasing numbers this week, the question uppermost in executives' minds was whether they faced an immediate, savage price war with Mr Botnar's operation. AFG has 20,000 Nissan cars in stock, matching the size of the Nissan Motor (GB) network.

The pipeline that ran from 1970 between Nissan and Mr Octav Botnar's UK import and distribution organisation and his AFG dealer network is dry, fractured by the row between Nissan and Mr Botnar last year

With a cautious sigh of relief, the new dealers have concluded that predictions of Mr Botnar's flooding the market with cut-price cars in revenge for his franchise being terminated are unfounded.

In Sunderland, just 600 yards from another Reg Vardy site, a large AFG dealership is stacked with cars. "But there's no evidence of any extra sales drive," says Mr David Williams, a Reg Vardy executive. "People were looking to AFG to give cars away and the evidence is that they're not."

In the Greater London area, Ancaster Group, which has switched its four dealerships to the new Nissan network after 20 years of selling Nissans supplied by the Botnar companies, also detects no sign of imminent warfare. Mr Robert Cole, managing director, said: "There's an AFG outlet very near us in Croydon and they don't seem to be into any aggressive selling."

With hindsight, Nissan Motor (GB) dealers say that, considering that AFG has a finite and dwindling stock of vehicles while Mr Botnar seeks alternative franchises for them, it never did make sense for a price war to add to an already vicious battle for sales in a deeply depressed new-car market.

For potential buyers, the situation is already confusing ough. There are two separate networks selling mainly identical cars with slightly different specifications and badges.

The new model designations Nissan has introduced make it difficult to compare prices exactly, but the differentials are mostly not large and the price advantage varies between the networks.

If Nissan Motor (GB) dealers had expected a rush of new customers once the "under new management" sign was hung over the franchise, they have mostly been disappointed.

According to Mr Williams, "most people who have come in simply don't understand, or even know about, the row. The main worry of those who do, and have previously bought Nissans, is whether their manufacturers' warranties will be honoured."

Nissan is expected to contact 400,000 Nissan owners, advising them that the Nissan Motor (GB) outlets will process official warranty claims wherever cars were purchased.

Mr Cole says that customers who are visiting the new dealerships are concerned "not with Nissan politics but with price, service – the conventional things".

"Most people...simply don't understand, or even know about, the row. The main worry of those who do, and have previously bought Nissans, is whether their manufacturers' warranties will be honoured"

Meanwhile, posters in Bradford, north England, proclaim: "The Sun is Rising on Canal Road."

The posters urge Nissan drivers to telephone a number which connects them with the Appleyard Group's new Nissan dealership, the first of what Mr Mike Williamson, the chairman, intends will be five or six Nissan Motor (GB) dealerships.

Appleyard, one of 21 publicly owned groups which are taking on the Nissan Motor (GB) franchise, is investing several million pounds in the outlets but, says Mr Williamson: "It's very much for the long term – we know it's going to be a long, hard slog, certainly for this year."

Bradford in Yorkshire has long been a Nissan stronghold, and still houses three AFG dealers.

The logic of the location from Appleyard's point of view is that Mr Botnar's operation will have bequeathed a large population of Nissan motorists – and thus a large potential market – once the AFG dealers' new Nissan activities fade, as expected, over the next few months.

The other Appleyard sites are in strong AFG territories for the same reason, in what can only be regarded as an ironic tribute to the Worthing enterprise.

As Mr Williamson concedes: "Whatever Nissan say about Botnar, he did a cracking job for them when it came to actually selling cars."

Japanese criticise skill levels of UK candidates

By David Goodhart, Labour Editor

BRITAIN is likely to lose its dominant share of European inward investment from Japanese companies as they start to export the production of more sophisticated products, according to a report commissioned by the department of employment.

The report, leaked to the magazine Personnel Today, says that personnel managers in Japanese companies are highly critical of skill levels in the UK and the poor quality of UK job candidates.

Britain has attracted more than £12bn in Japanese inward investment, almost half of Japanese investment in Europe. But recently Mitsubishi Electric decided to build a £500m semiconductor plant in Germany rather than the UK. According to the Japanese External Trade Organisation, 137 Japanese companies are considering investment plans in Germany compared with 107 in the UK.

The report was drawn up by the National Training Task Force, the voluntary body set up in 1989 to advise on the establishment of Training and Enterprise Councils. It says that 85 per cent of personnel managers in Japanese manufacturing companies in the north east found that candidates had major skill problems.

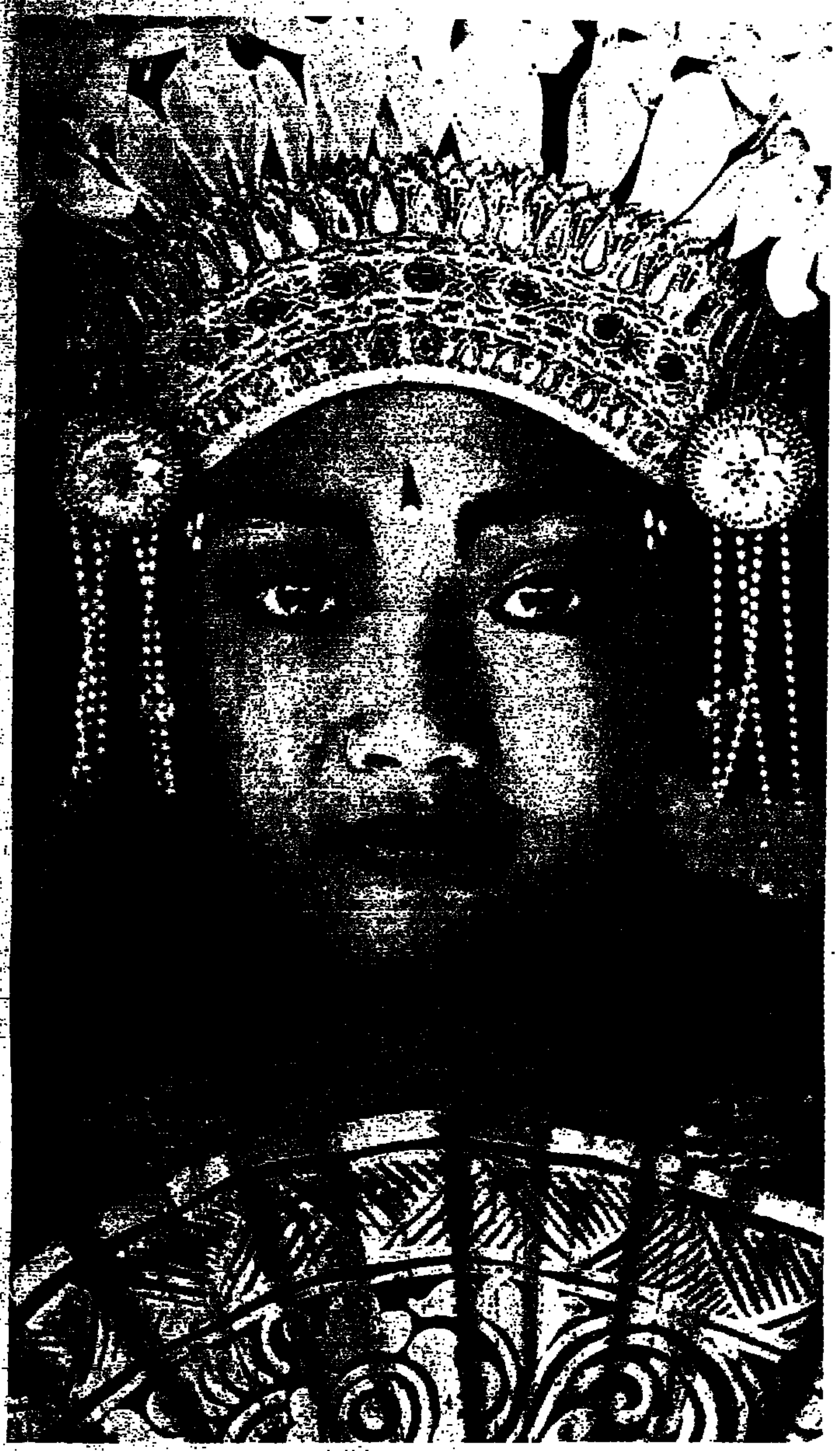
In central England and south Wales the figure was about 70 per cent. Five out of ten personnel managers in Scotland and four out of ten in north Wales said the same. Literacy, numeracy and technical skills are in particularly short supply, says the report.

"Where investors run into trouble is in starting up with the existing level of skills in Britain," according to Mr Clive Morton, personnel director at Komatsu.

- The storage and supply base for component supplies to the new Toyota car plant at Burnaston, central England, is to be established at Stretton Business Park, 3½ miles away at Burton-upon-Trent, east Staffordshire.

SIEMENS NIXDORF

INFORMATION TECHNOLOGY IT-WORLD NEWS



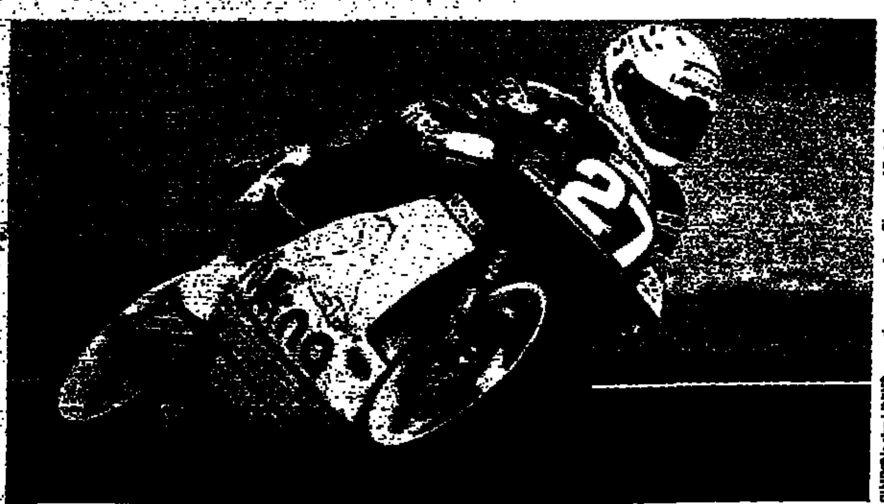
Djakarta: Central regional planning via satellite for 17,000 Indonesian islands.

The Indonesian Authorities for Assessment of Technology (BPPT) have worked with Siemens Nixdorf to develop applications for an advanced IT based regional planning project. The world's largest island state has developed into one of the most attractive manufacturing locations in Asia and the objectives now are to distribute the economic prosperity equally throughout the country, and fully exploit development potential. SICAD, Siemens Nixdorf's geographical information system, is the planning basis. It provides precise details about land use, infrastructure and soil conditions. Aerial and radar photos, maps, statistics and tables – all the information on more than 17,000 Indonesian islands – will be recorded in a central database, to be combined, evaluated and presented as required. One of the project's highlights is a satellite link, sending images of the earth's surface directly to the computer. The SICAD system processes around 100 Megabytes for a single picture.

Luxembourg: European Court of Justice places massive order for Europa PCs.

Uniform legislation for a united Europe will have one common denominator, thanks to Siemens Nixdorf's Europa PC. It is the first PC to understand all nine official EC languages. Its Euro-Keyboard switches smoothly from one language to another, and copes with their special characteristics. Another decisive advantage: with LAN TCP/IP, MS-DOS systems can be integrated into BS2000 and UNIX mainframe computer networks, with direct links to internal and external databases and access to all printers. Siemens Nixdorf has installed 410 Europa PCs in an integrated, universal system. Judgements by the European Court of Justice can be continuously processed through draft, translation and database record, to final editing for the official Reference Book on Jurisdiction of Community Law.

Gunskirchen: SINIX accelerates Austrian engine production.



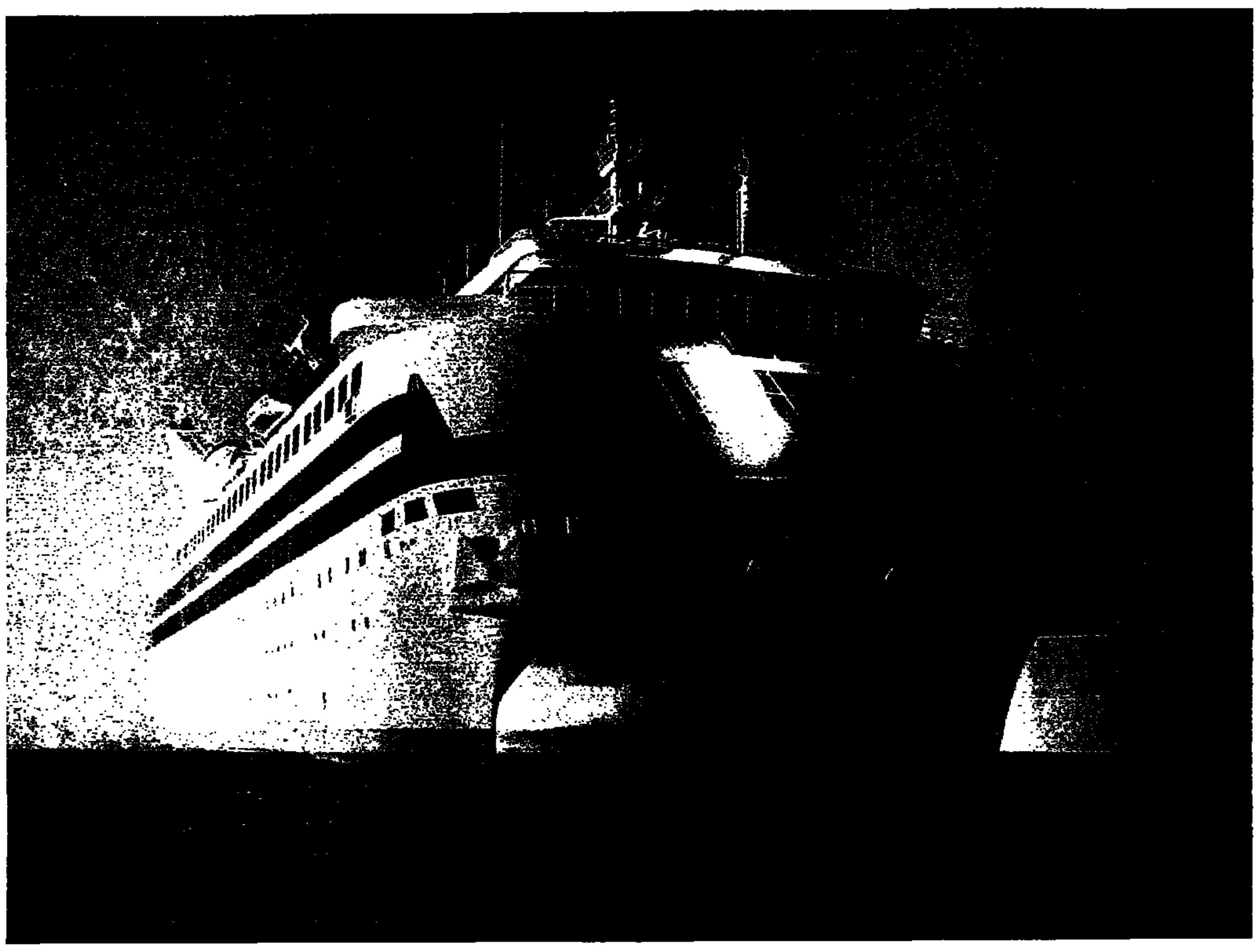
SINIX® is the UNIX® operating system from Siemens Nixdorf. UNIX® is a registered trademark of UNIX System Laboratories Inc.

Bombardier-Rotax engines are world-famous as the motive power for motorcycles, water scooters, motorised sleds and light aircraft. Now there is a new surge of power for engine production, provided by Siemens Nixdorf. Bombardier, Austrian subsidiary of the Canadian motor vehicle and aircraft manufacturing group, has ordered Bora-X for production control. At Rotax's factory, SINIX® MX500 and MX300 multi-user computers – with more than 50 networked monitors, printers and bar code readers – will ensure clear production processes, tighter deadlines, minimal stock levels, and in particular, shorter machining times. The first signs of success: Bora-X from Siemens Nixdorf, integrated in the host-oriented Rotax system, has shortened aluminium product machining times by more than 30 percent.

New York: Saks Fifth Avenue and Siemens Nixdorf make shopping a greater pleasure.

Saks Fifth Avenue is now the fifth company among America's top 10 retailers to become a Siemens Nixdorf customer. Multi-functional POS 2000/10 point of sale terminals and Targon UNIX® minicomputers from Siemens Nixdorf mean that America's famous fashion house will provide even greater shopping pleasure for its customers. The Info-Store 2000 solution is being installed in all 47 Saks stores as part of a major order. Info-Store 2000 serves customers with new ideas for itemised bills, broken down by credit card type, and direct ordering of out-of-stock items from store to store. And Saks can use Info-Store 2000 customer data to focus its promotion and sales activities, because Info-Store 2000 tracks individual buying trends and interests.

SIEMENS NIXDORF



Minneapolis/Helsinki: The world's most modern luxury liner welcomes aboard Siemens Nixdorf

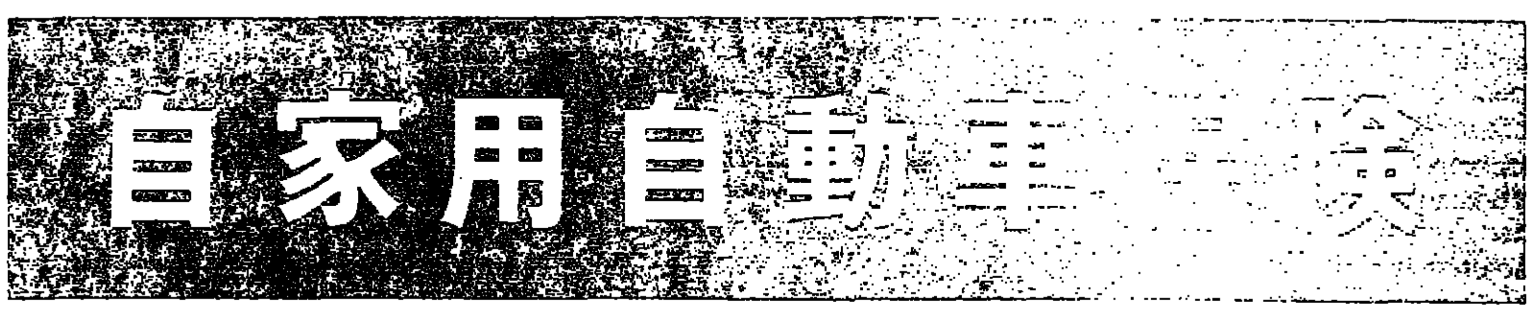
The world's first SWATH (small water-plan area twin hull) luxury liner sets new standards in cruising. Operated by the US-based Radisson Hotel group and Finland's Diamond Cruise Inc, the ship's revolutionary construction allows her to glide smoothly over the ocean. And the luxurious communication systems installed in the SSC Radisson Diamond are just as remarkable. Fidelio Cruise is the management system that integrates all PCs, servers, POS terminals and tele-communication systems on board. Satellite-linked direct-dial telephones in every cabin are as much a part of the 5-star system from Siemens Nixdorf as cashless payment transactions. Passengers' orders in restaurants, bars, shops or cabins are automatically booked to their accounts and settled when they finally disembark.

Leipzig: Advanced Siemens Nixdorf computer technology for 1400 East German savings bank branches.

The business revival in the five new federal German states is backed by Siemens Nixdorf, which is installing DM 150 million worth of advanced computer systems in 1400 East German savings bank branches. Within a year, they will have the technical capability that is already standard in leading banks in Germany and abroad: branch systems, customer service centres for 24-hour cash dispensing, automatic safes and systems to process payment transactions. Information technology from Siemens Nixdorf will improve customer service and benefit bank staff. They will be able to concentrate more on counselling and providing customers with personal advice about savings and investments.

London: Great Britain's most successful electrical goods retailer orders Europe's most successful UNIX multi-terminal system.

With more than 800 stores and weekly sales of over £ 10 million, the Dixons Stores Group is the most successful electrical goods retail company in Great Britain. To reinforce its competitive advantage in the long-term, Dixons has ordered the PCD-4T/25, which runs under SCO UNIX operating system, from Siemens Nixdorf, the most successful European UNIX supplier. Powerful features, such as massive memory capacity, multi-terminal operation and advanced networking capability, make Siemens Nixdorf's PCD systems the most efficient basis for the new company-wide UNIX network at Dixons. The PCD systems, which will be installed in over 800 Dixons and Currys branches, will provide support for outstanding customer service. At the touch of a button, sales personnel can select precisely the right product to satisfy the customer's needs in terms of price and specifications from a range of over 6000 articles.



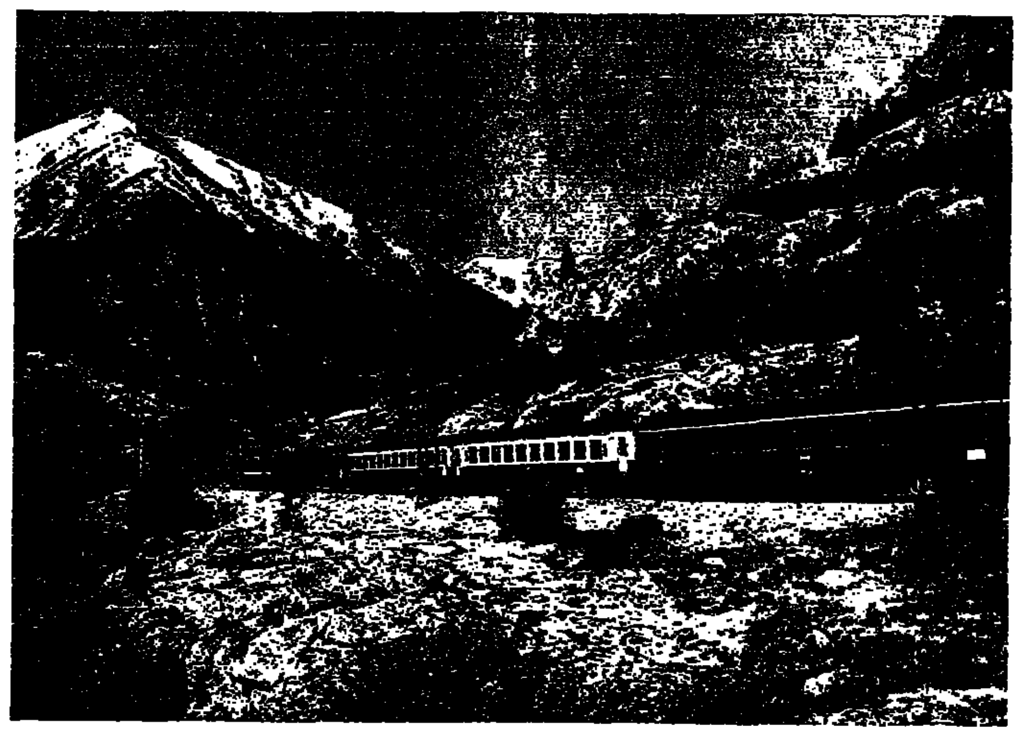
Tokyo: One of Japan's largest insurance companies leaves nothing to chance, with high-tech printers from Siemens Nixdorf.

World premier for a new generation of advanced printers from Siemens Nixdorf: the Japanese Nippon Fire and Marine Insurance is the first company to benefit from the new 2140-4 LED high-performance printer, providing 192 top quality A4 pages a minute. A further feature is that the new 2140-4 reproduces Kanji characters as clearly as Roman letters. Nippon Insurance, one of Japan's largest insurance businesses, can rest assured about handling the daily flood of paper. Its LED printers produce, trouble-free, 1.7 million pages of documents every month for vehicle and domestic insurance policy holders.

Brussels: IT fuel from Siemens Nixdorf helps FINA run better.

FINA Europe – subsidiary of Petrofina, Belgium's largest petroleum company – is working with Siemens Nixdorf on a trend-setting concept in forecourt retailing. Motorists visiting FINA stations in Europe will soon see the difference between a conventional filling station and the service station of tomorrow. More than 180 UK FINA sites have already been equipped with Namos, the new Siemens Nixdorf integrated petrol forecourt solution. Siemens Nixdorf POS 2000/10 point of sale terminals in shops, linked to PCD 386 personal computers running Namos software in the back-office, provide complete station management. The system integrates all activities, from fuel sales to shop purchases and data transmission to head office. The solution improves stock management and will allow FINA customers to use all modern forms of payment to settle their bills. With Namos from Siemens Nixdorf, FINA has the organisational fuel to provide a decisive competitive advantage.

Paris: Siemens Nixdorf is the driving force behind French Railways.



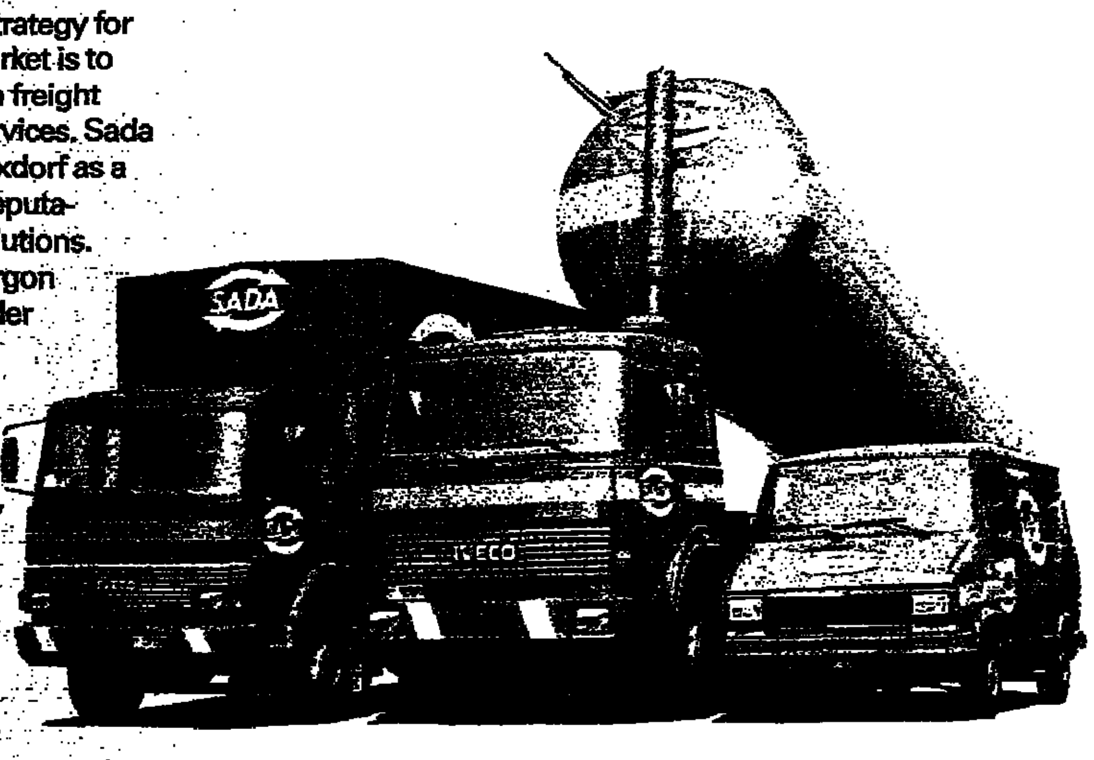
SNCF, the French national railway company, is on track with Siemens Nixdorf for a new organisational IT strategy. Siemens Nixdorf is providing 410 minicomputer systems running a wide range of administrative applications. Siemens Nixdorf has developed special software for SNCF. From payroll, accounting and site security across the SNCF network, through to improving track use efficiency, Siemens Nixdorf is the IT driving force for SNCF.

Madrid: New computer power for Europe's largest private power supplier.

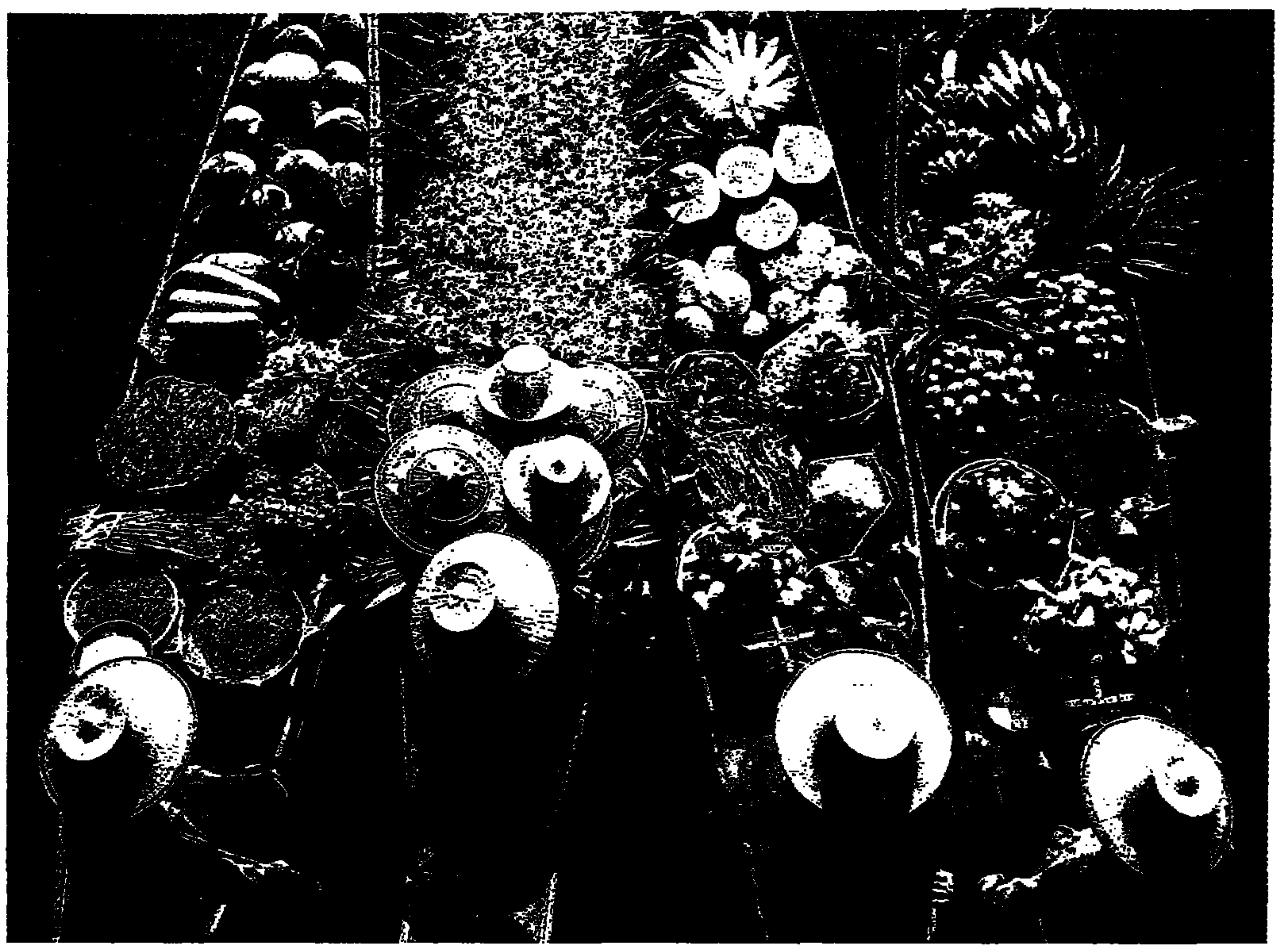
Spain's Iberdrola – Europe's largest private energy supplier has ordered new sources of power from Siemens Nixdorf. High-performance H120 and H90 computers from the BS 2000 family have a total disk capacity of more than 100 Gigabytes. They are linked to 1200 terminals handling 4.5 million data transactions a day. Siemens Nixdorf systems manage one of the world's largest databases (with over 80 million datasets) and handle complex applications from bookkeeping to cartography in administration, operations and technical calculation.

Milan: For business that knows no frontiers, Sada drives ahead with Siemens Nixdorf open systems.

At Sada Transport Internazzionale, new IT concepts are on the move. The Italian company's strategy for the single European market is to provide everything from freight transport to logistics services. Sada has chosen Siemens Nixdorf as a system partner with a reputation for trend-setting solutions. Six Siemens Nixdorf Targon computers, running under the UNIX operating system, handle cost calculations and invoicing, stock control, deliveries and COD consignments, loading logistics and accounting. They also turn new services, such as just-in-time transport planning, into profitable extra business for Sada.



SIEMENS
NIXDORF



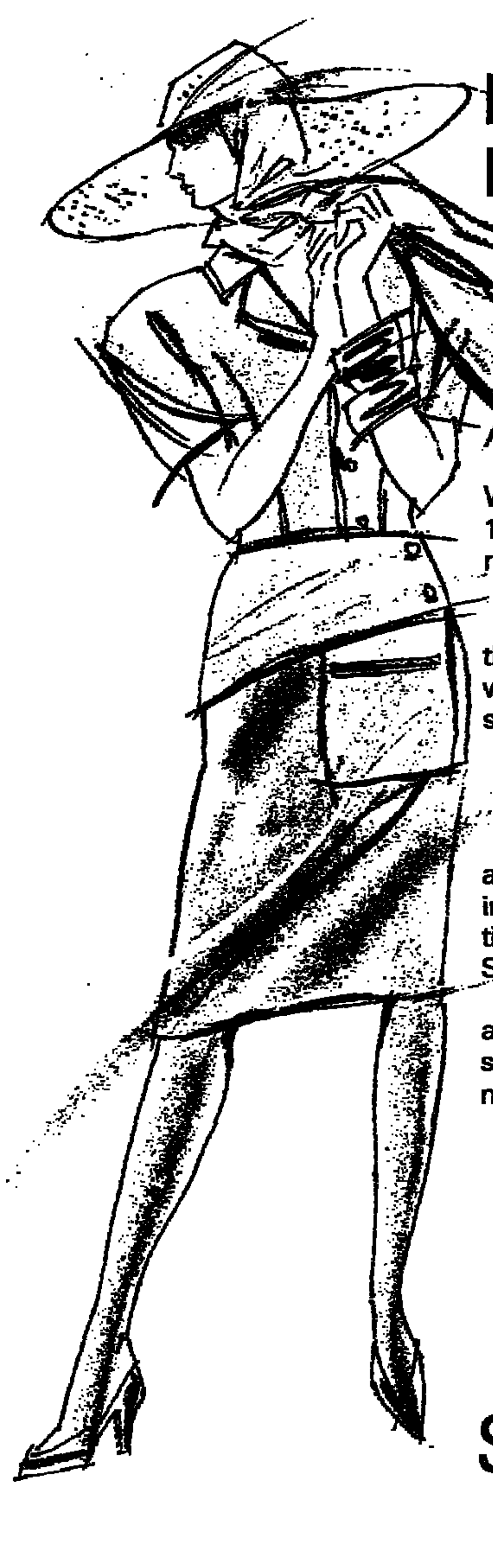
Bangkok: Largest computer order in Thailand's history goes to Siemens Nixdorf.

Thailand's Bank for Agriculture & Agricultural Cooperatives (BAAC) has invested in equipment that is already paying off for financial institutions all over the world: banking systems from Siemens Nixdorf. The order, worth DM 60 million, is Thailand's largest computer project to date. The state-owned bank is introducing advanced technology into 507 branches, with UNIX servers, PCs and printers from Siemens Nixdorf to be installed nationwide in the next five years. The decisive factors in BAAC's decision were Siemens Nixdorf's expertise and its extensive service network. With more than 20 service centres in Thailand, Siemens Nixdorf's subsidiary is always close to the customer.

Zurich: Swiss private bank becomes BS 2000 customer No. 5000.

In the European financial centre of Zurich, Rüd, Blass & Cie AG is a top banker in the brokering, securities trading, investment counselling and asset management business. To improve response times and efficiency in its specialised business, the bank opted for the 7.500 mainframe system from Siemens Nixdorf – and became the 5000th BS2000 user, worldwide. When the bank moves into Zurich's new stock exchange building next year, it will have an H60 mainframe computer, a C40 back-up system and a complete cable network that will provide all terminals with state-of-the-art communication services. "Software and quality of the hardware are decisive for the efficiency of our company" are reasons given by Executive Director Dr Rudolf W Frey in explaining their choice of Siemens Nixdorf.

BS 2000



Milan: Made-to-measure IT solutions to suit an Italian trendsetter in fabrics.

Fine linen and the best cotton fabrics from Solbiati Sasil: the materials that the dreams of international fashion designers are made of. With sales of more than DM 100 million and an enormous export market, the company is one of Italy's most successful fabric manufacturers. Solbiati's quality now has the backing of Siemens Nixdorf, whose Quattro and 8890 computers supply the raw material for total production planning: order processing, warehouse management, purchasing, quality control, statistics, time schedules and individual data for each weaving machine. Using complex real-time information, the terminals in Solbiati's showrooms in Munich, Düsseldorf, Milan, Florence, Vicenza and New York work as a just-in-time system, for more than 5 million metres of fabric every year.

Stockholm: For SAS, the customer has control.

How Siemens Nixdorf turns computers into marketing tools for its customers can be seen right away at airports in Gothenburg, Oslo, Stockholm and Copenhagen, where the Scandinavian airline SAS is moving towards self-service, with Siemens Nixdorf. The starting point: Siemens Nixdorf's Customer Service Centres (CSC) at the check-in. They're as easy to operate as a cash-point machine. SAS passengers don't have to queue: they can check themselves in at a CSC terminal, and have their boarding card printed out in seconds. Rapid, self-service check-in is particularly suited to frequent travellers and business passengers. Within three years, SAS will extend this unique self-service concept throughout Europe, working closely with Siemens Nixdorf.

Synergy at work

For further information, please contact:
Siemens Nixdorf Informationssysteme AG,
UK 41, Postfach 83 09 51,
8000 Munich 83, Germany.

MANAGEMENT: The Growing Business

Secrets of marketing success

How do small businesses market themselves successfully?

Researchers in the north-east of England have been studying local fast-growth businesses to see what makes them different from less successful rivals. A study* of 80 companies – each about 10 years old and employing more than 100 people – revealed the following success factors:

● Marketing expertise was available from executive board members or non-executives.

● Marketing was regarded as fundamental to the business's operations. Less successful firms viewed it as "best left to the marketing people".

● Market and customer information was gathered rapidly but selectively, and drawn upon in taking decisions. Less successful firms gathered similar amounts of information but did not make use of it.

● Top management made itself available to customers. Some gave customers' office, car phone and home numbers.

● Quality of product or service and customer care were given high priority. British quality assurance standard BS 5750 had become the norm.

● A willingness to take on their customers' problems as their own. In some cases companies actively sought out problems facing their customers and devised solutions.

● A strong corporate identity and internal corporate culture. Overalls in the company colours bearing the corporate logo, letterheads and the colour of office furnishings all demonstrated a corporate unity and the "feel" of success.

● Close partnership with suppliers and distributors. One company fitted phones in its distributor's lorries to keep customers informed about deliveries and delays.

● Key management travelled extensively to stay in touch with customers.

● They concentrated on developing markets and fulfilling market demand before developing new products.

Action Research into Market Development in the Independent Growth Firm. By Dinah Bennett, Durham University Business School and David Hall, David Hall Partnership.

Charles Batchelor

> The bank needed additional security, a second charge on my home, which I refused to give. But the pressure increased and the manager argued that my attitude was incomprehensible. Surely I was prepared to back my own company? Under this pressure I succumbed and signed.
>
> **Businessman, now unemployed**

> I don't begrudge people their Porsche or their cruiser but when times get hard they must be prepared to put assets back into the business. People accumulate personal assets by drawing down funds that might have better been left in the business. We are just following the drawings.
>
> **Senior banker**

Putting your money where your mouth is

Charles Batchelor reports on personal guarantees

Few aspects of the relationship between the banks and their smaller business customers generate more emotion than the issue of personal guarantees.

Deciding to trade as a limited company offers no protection because bank managers routinely require directors to sign personal guarantees anyway. Nor is this just a question for the smallest of firms: the directors of businesses with turnover of up to £10m have been asked for personal security.

A recent suggestion from the Institute of Advanced Legal Studies was for the family home to be excluded from personal assets liable to be forfeited.

The bankers argue that many young businesses may have few assets – sometimes just £2 of paid-up capital – and the only prudent way to cover the risk on their loan is to demand a personal guarantee, backed by a charge on the owner's house. It is not uncommon for unscrupulous business owners to shut down one business and, protected from their creditors by limited liability, start up again under another name.

Worries like these explain why nearly 26 per cent of small business owners provided personal guarantees compared with just 24 per cent who provided business collateral, according to a survey by the Forum of Private Business, a lobby group.

Taking up personal guarantees also acts as an additional motivation, the banks believe. "Most small businesses are entirely dependent on one or two individuals," says Andy Hunter, deputy head of small business services at National Westminster Bank. "Without personal guarantees they could walk away when the going gets tough."

But small business owners reject this argument and say that the fear of losing your home as well as your business puts an intolerable strain on the individual. "We find it insulting that banks should demand personal guarantees to demonstrate commitment," says Stan Mendham, chief executive of the forum.

"When a bank takes security it stops worrying about you and feels less need to provide advice," says Richard Parkinson, managing director of The Bank Relationship Consultancy.

Small business owners claim they are frequently browbeaten into providing personal guarantees when they are desperate for funds. The Hertfordshire businessman quoted above recalls his bank manager asked for an unlimited guarantee saying: "It is only a formality." But the business's income dried up and the businessman was forced to put his business into liquidation. There followed a two-year battle, eventually successful, to resist pressure to call in the personal guarantee.

For their part, the bankers have developed a weary caution to their customers' complaints that they were cajoled into giving guarantees. "It is only a sensitive issue when we call the guarantee in," says Stuart White, manager of the enterprise unit of Midland Bank.

White, and other bankers, insist they do not "rush in with all guns blazing" when it comes to calling guarantees. The banks are sensitive to the bad publicity which would result from putting families out on the street. They will therefore attempt to recoup their losses by selling business assets, personal insurance policies and share securities before calling in their charge on the business owner's home.

What they hope is that the owner will realise the extent of his problems and sell up, perhaps moving to a smaller house. But what may appear to be sensible advice from the point of view of the bank manager can look like unwarranted pressure in the eyes of the unsuccessful businessman or woman.

Personal guarantees are probably more likely to be asked for than in the past in the present tough economic climate. But before providing guarantees, would-be borrowers should:

● Do all they can reduce the likelihood of the bank manager asking for guarantees by providing as much information as possible on the state of their business. In particular, businesses should provide information to demonstrate how they are managing their cash as well as forecasts of future cash flows.

● Refuse to sign unlimited guarantees. Guarantees and the charges and mortgages which support them should roughly match the amount which has been borrowed, says Parkinson.

The banks sometimes argue that it is not necessary to place a limit on the guarantee since they are only able to recoup the amount they are owed. But business owners claim that bank managers will refuse to increase a loan facility on the grounds that the borrower can offer no further security – even when the security already pledged is far larger than the original sum borrowed.

● Place a time limit on the guarantee. If they sign an open ended guarantee, it may be difficult persuading the bank manager to release them from it later. Insist that the guarantee is subject to regular review or tie it in to performance criteria so that the guarantee expires when the business generates sufficient profits and assets of its own.

● If a guarantee has been lifted, make sure this fact is recorded at Companies House or at the Land Registry, advises David Burton of The Centre for Consultancy (Surrey). It is not the bank's job to set these records straight and the business may have problems raising loans in future if expired charges are still on the record.

● Make sure that the earnings on any securities or cash deposited with the bank to support a personal guarantee are credited to the customer's account.

● Take professional advice. The bank's contract documents can be all-embracing and the pressure to sign personal guarantees can be continuous – in regular review meetings and even at social occasions. Do not sign on the spur of the moment and weigh the cost of taking professional advice against the possible loss of personal assets if things go wrong.

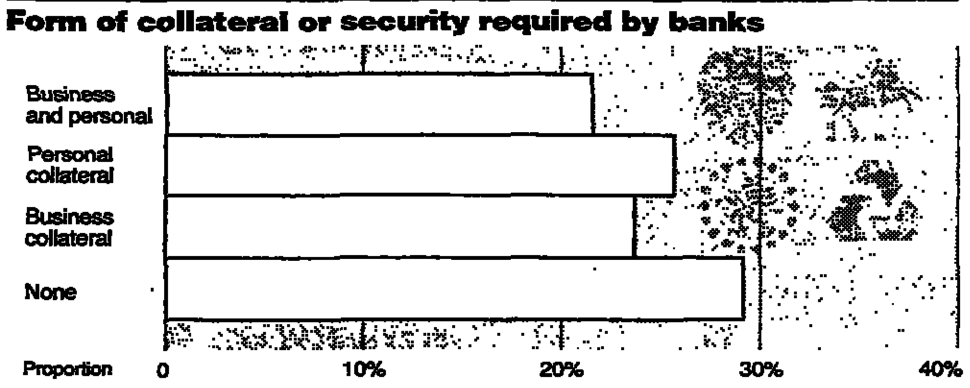
● Finally. Do not be afraid to negotiate. The bank may tell you that its method of valuing businesses and personal assets has to be applied but the customer does not have to accept this. It may tell you that the wording of its legal contracts cannot be changed but the customer should negotiate all the same.

All of the banks which have produced codes of conduct for dealing with business customers – Midland, Lloyds, NatWest, Barclays, Bank of Scotland and TSB – refer to the issue of collateral and personal guarantees. But they have not won high ratings from the Forum of Private Business, which has attempted to assess the banks' codes. With the exception of the Bank of Scotland, which was rated 50 per cent for its policy on security, all were rated just 33 per cent.

The forum wanted a clear explanation of the security required; of the period for which it would run with review dates; and one month's notice of any changes in the security needed. The banks do not appear to have matched even these basic requirements.

The Forum of Private Business Tel. 0565 634467. The Bank Relationship Consultancy Tel. 071 600 2867. The Centre for Consultancy (Surrey) Tel. 0483 898888.

Form of collateral or security required by banks



In a Nutshell

Through the jargon jungle

Even if your business has survived the recession by dint of good management or good luck, you may have found yourself having to cope with the repercussions of business failure among suppliers, customers or competitors.

But do you really understand the technical terms which are used by the accountants and insolvency specialists? What is the difference between bankruptcy, receivership, administration and liquidation?

KPMG Peat Marwick has produced a 13-page Glossary of Insolvency Expressions ranging from Administration Order to Wrongful Trading which explains some of English (and Scottish) jargon. Irritatingly, the Peat booklet adopts a straight-laced, technical approach, and is too concise, describing the different procedures rather than attempting to relate one to another and explain how they differ in practice.

Cork Gully, part of Coopers & Lybrand, have done a better job with Insolvency in Brief, a rather longer (24 page) guide which comes down to the level of the businessman or woman in the street. Unfortunately the Cork booklet has proved so popular internally that few copies are available to outsiders. It may be worth pressuring a friendly partner though.

Contact local Peat office or 1 Puddle Dock, Blackfriars, London EC4V 3PD. Tel 071 236 8000. For Cork booklet see above. Both are free.

Putting trust in princes

Advisers working for the Prince's Youth Business Trust (PYBT) provided free assistance worth an estimated £5m to young businesses last year. A total of 3,500 accountants, solicitors and consultants provide their services on a voluntary basis.

The trust, which helps young people into business, distributed £3.5m in loans and £2.5m in grants in the year ended June 1991. It helped 3,189 people to start in business, an increase of 16 per cent on the year before.

Thirty per cent of those helped were women. Nine per cent were from ethnic minorities, a figure which rose to 30 per cent in London. Despite the recession two thirds of businesses helped were still trading after three years.

PYBT Tel. 071 925 2900.

From Russia for know-how

Management training for small and medium sized businesses in St Petersburg is to be provided by Manchester Business School over the next 12 months.

The £700,000 programme, financed jointly by the UK government's Know-How Fund and the City of St Petersburg, will bring 120 owners and managers to Manchester during 1992. The courses will include a period of project work with UK companies.

Contact Peter Shepherd, Business Development Centre. Tel. 061 275 6544.

Entrepreneurs in Europe

Twenty-five entrepreneurs with Europe-wide ambitions are offered a subsidised place on a business development course under Euroleaders, a competitive scheme launched with European Community backing.

The scheme will offer ambitious entrepreneurs the chance to take part in a course which looks at the challenges of operating in the single European market. The first programme will start in March 1992. The entrepreneurs must have innovative businesses with good growth potential throughout Europe.

Participants will be offered 16 days of coaching by consultants and tutors from European business schools including INSEAD, BOCCONI and IESE.

The course will be divided into two sessions with a gap of three months to allow for work on a business plan.

Candidates must have the support of a European Business and Innovation Centre (BIC), or a venture or "seed capital" company.

Contact Euroleaders Secretariat, EBN, 205 Rue Belliard, Box 3B, 1040 Brussels. Tel. 322 231 0747.

BUSINESS OPPORTUNITIES

ROUBLES FOR SALE
U.S.S BIDS INVITED
SERIOUS BUYER'S ONLY

FAX 0923 238675

Successful 'Company Doctor' Entrepreneur
with funds and time. I am seeking interesting opportunities that have potential and could use a 'hands on' partner.
Write Box H9438, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

GREETINGS CARDS PUBLISHER
Successful in the U.K. now wishes to grant a master licence for Germany. Investment including stock, licence and training £150,000. For full details telephone 081 961 6611.

ESTATE JEWELLERY ANTIQUE SILVER
Mayfair company with old and well-established name and reputation seeks capital of £2 million plus for expansion. Active participation if desired
For further information write Box H9435 Financial Times, One Southwark Bridge, London SE1 9HL.

CALIFORNIA FACTORY CLOSE OUT. Enough inventory to open New or total restock Sportswear SHOP. 8000 Cycle & Cross Training clothing items, World Cycle logos. Possible $120k bank wire transfer or cash. Weekly offers of food items to Machinery. large lot Close Outs. ICW-Fax (213) 557 0311 (US).

SHEET METAL FABRICATION COMPANY
Seeks merger to secure position. Projected turnover current financial year £1.3M. Very good customer base.
Write Box H9404, Financial Times, One Southwark Bridge, London SE1 9HL.

INVESTMENT OPPORTUNITY
For a unique opportunity to invest in the Casino industry,
write box H9434, Financial Times, One Southwark Bridge, London SE1 9HL.

FILLING STATION & INDUSTRIAL SITE
With outline planning for residential development. Rutland area, approx. 4 acres.
Write Box H9444, Financial Times, One Southwark Bridge, London SE1 9Hl

FOR SALE
Trademarked GRP Product
Sold to Pharmaceutical, Food and Industrial Markets.
Package includes all equipment, manufacturing and marketing expertise.
Development costs £150,000+
OFFERS Fax 0424 721314

BUSINESSES WANTED

GLOVE MANUFACTURERS WEST OF ENGLAND
We are profitable
We have a strong asset base.
We have cash available for expansion
We are seeking business in similar or allied fields up to circa £1 million. Quick decisions given. All replies answered.
Write to Box H9392, Financial Times, One Southwark Bridge, London SE1 9HL.

COMPANIES REQUIRED
A GROUP OF TALENTED ENTREPRENEURIAL BUSINESSMEN WITH WIDE RANGING EXPERIENCE IN 'BLUE CHIP' AND SMALL PRIVATE COMPANIES, WOULD LIKE TO EXPAND THEIR PORTFOLIO OF ACTIVITIES BY ACQUIRING THE FOLLOWING:-
BUSINESSES, COMPANIES OR NON-CORE GROUP OPERATIONS WITH TURNOVER RANGING FROM £1 MILLION TO £50 MILLION.
Kindly forward full details to:-
MISBOURNE HOLDINGS Ltd.
44a Packhorse Road
Gerrards Cross, Bucks. SL9 8EF

FOOD COMPANY WANTED
Small/Medium sized (T/O - £2.5m) company (manufacturing/Distribution) required by VC backed executives with broad based food background in Europe and U.S. Ideally in frozen/chilled sector and based in U.K. Interest would extend to Plc. disposals of non-core businesses fitting above description.
Write Box No: H9437, Financial Times, One Southwark Bridge, London SE1 9HL

ANALOGUE ELECTRONIC PRODUCTION
Successful Company with own product range, has expertise in medium volume analogue electronic production. We are seeking additional products for manufacture. Able to take conceptual design to finished product or to manufacture existing products. Acquisition of existing company with turnover of approx £250K considered.
Telephone: 07253-295

REQUIRED FOR PURCHASE
Business Travel Agents
Central London
Turnover GBP 2 Million plus
IATA license essential
Please reply in strictest confidence to :
Box H9451, Financial Times, One Southwark Bridge, London, SE1 9HL.

QUOTED CONTRACTING GROUP
seeks acquisition of small to medium contractors used to refurbishment work, particularly of licensed premises and restaurants. Preferred locations Cambridgeshire and Essex end of M11. Turnover £1m plus with strong order book.
Write Box H9443 Financial Times, One Southwark Bridge, London SE1 9HL.

ENGLISH GROUP OF Companies seeks to purchase a Spanish company involved in Exhibitions and Conferences involved in - Exhibition Concept & Design, Stand Builders, Exhibition Electrical Contractors, Shell Scheme Contractors. Contact: Mr Roberts on England Tel. 0225 338600, Fax: 0225 336848. Also joint venture with Venue Operators and Advertising Agencies. Write Box No' H9428 Financial Times, One Southwark Bridge, London SE1 9HL.

SPORTS LEISURE CAMPING
Established Company seeks acquisitions in these trades.
Genuine enquiries from principals only.
Write to Box No: H9462 Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS WANTED
Profits circa £100,000 pa.
Vendor with no family succession.
Yorkshire or Humberside regions.
Flexible purchaser.
Management retained.
Replies in first instance to:
Edenlight Capital Ltd, 72 Charlotte Street, London W1P 1LR

REQUIRED AUTO COMPONENTS MANUFACTURING/DISTRIBUTION
Companies with established sales to the Auto Manufacturers and/or replacement market. Will consider joint venture.
Please reply by Fax to: 071-225 3073 or write Box H9466, Financial Times, One Southwark Bridge, London SE1 9HL.

ADVERTISING AND PR AGENCIES WANTED Expanding Regional Agency is seeking to acquire other agencies. Profitable or not. People most important. Quick decision/implementation. Write Box H9429, Financial Times, One Southwark Bridge, London SE1 9HL.

EXHIBITION & CONFERENCE Design and Manufacture - or Electrical Installation. Profitable or Not. Write Box H9426, Financial Times, One Southwark Bridge, London SE1 9HL.

DIRECT MAIL MARKETING Company involved in all aspects of Direct Mail. Profitable or Not. Write Box H9427, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS SERVICES

Well established trading company with offices and showrooms in the best part of Larnaca, Cyprus., interested to represent your company in distributing your products or acting as your agent in Cyprus
Please contact
MEBC, Suite A,
48, Berkeley Square, London
W1X 5DB or on
Fax number 071-493 2062

BUSINESS AND ASSETS Of solvent and insolvent companies for sale. Business and Assets Tel 071 262 1164 (Mon - Fri)

FF MAYER CONSULTANT AGENCY
Should you be on the brink of employing a consultancy, contact us first. We are specialized in the selection of, searching for and negotiating with consultants on your behalf. For further details please Fax 081-780 0415, or phone 081-788 9368, or write to 8, Kingsmere Road, London SW19 6PX

Your Offshore Office Mannin Secretarial Services Ltd, Isle of Man Tel. (0624) 672411 Fax: 676985.

DIRECT MAIL LISTS & SERVICES 100'S of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue.Market-scan, Freepost, Chichester, Sussex.Tel 0243 786711

Small Company Cashflow Are you a small company requiring help in building realistic cashflow forecasts, monitoring performance and handling creditors? Call 0895 446646

PLANT & MACHINERY

QUALITY USED HYDRAULIC PRESSES
18,000 ton HPM - 14,000 ton UNITED
12,000 ton HPM - 6,000 ton HPM
5,000 ton BLISS - 3,500 ton SHAW
2500 ton FARQUHAR
2500 ton BRASS - EXTRUSION LINE
4300 ton ALUMINUM EXTRUSION PRESS
call 201 473 3800
or fax 201 473 8316
USA Attn: IRV

AUCTIONS

NEXT AUCTION
of life assurance policies for investment will be held on Thursday 23 January
Telephone
H.E. Foster & Cranfield
071-608 1941 for catalogue
A Member of FIMBRA

BUSINESSES FOR SALE

Green & Symons Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of a retail in-store jewellery operation.

Principal features include

- Shop in Shop Agreements with two major UK department stores involving 39 concessions throughout the United Kingdom and Northern Ireland.
- Substantial jewellery stock.
- Established workforce.

For further information contact the Joint Administrative Receiver, Paul Jeffery, KPMG Peat Marwick, PO Box 730, Farringdon Street, London EC4A 4PP. Tel: 071-236 8000. Fax: 071-248 1790.

KPMG Corporate Recovery

Touche Ross

CBE Group of Companies

(In Administrative Receivership)

The business and assets of a company producing high quality advertising print, greetings cards and calendars.

- Turnover approx. £4.5 million p.a.
- Leasehold premises of 25,000 sq. ft. in Birmingham.
- Origination: Scitex Electronic Page Composer and Hell DC 380 Scanner.
- Press room consisting of a Heidleberg Speedmaster 5 colour, Heidleberg 4 + 5 colour mov and Heidleberg 3 KORDS.
- Finishing: 2 MBO folders, Rilecart calendar binder. 3 programatic guillotines.

For further information, please contact the Joint Administrative Receiver, J. B. Atkinson or B. C. Catton at the address below.

Newater House, 11 Newhall Street, Birmingham B3 3NY.
Tel: 021 631 2288. Fax: 021 236 1513.

DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Teampace Holdings Limited Group

The Joint Administrative Receivers offer for sale the businesses and assets of the following companies.

Wild Barfield Ltd.
Watford

Manufacturer of standard and custom made furnaces and other industrial process heating equipment.

Principal features include:

- Annual turnover circa £4.0m
- International customer base.
- Established brand names including Barlow Whitney.
- Spares, services and repair department.
- Plant and machinery.
- Leasehold premises.

For further information please contact the Joint Administrative Receiver, Stephen James, KPMG Peat Marwick, PO Box 730, 20 Farringdon Street, London EC4A 4PP. Tel: 071-236 8000. Fax: 071-248 1790.

JLS Engineering
Redditch

Manufacturer of industrial ovens and furnaces.

Principal features include:

- Annual turnover circa £1.5m.
- International customer base
- Substantial order book.
- Spares and service business.
- Plant and machinery.
- Skilled workforce.

For further information please contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St. Albans, Hertfordshire AL3 4RF. Tel: 0727 43000 Fax: 0727 41005.

Empyrium Welding and Manufacturing Company Ltd.
Birmingham

Steel welding and fabrication business specialising in work for power generation and chemical industries.

Principal features include:

- Annual turnover circa £1.1m
- Prestigious "Blue Chip" customer base.
- Purpose built leasehold premises.
- BS 5750 part 2 status.

For further information please contact the Joint Administrative Receiver, John Wheatley, KPMG Peat Marwick, Peat House, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021-233 1666. Fax: 021-233 4390.

Drillfact Ltd.
Sheffield

Manufacturer of rotary and precision drilling consumables.

Principal features include:

- Annual turnover circa £1.0m.
- Established customer base
- Leasehold premises.
- Skilled workforce
- Specialised plant and machinery.

For further information please contact the Joint Administrative Receiver, Rodger Taylor, KPMG Peat Marwick, The Fountain Precinct, 1 Balm Green, Sheffield S1 3AF. Tel: 0742 766789. Fax: 0742 766213.

Empyrium Profiles Ltd.
Birmingham

Steel profiling business.

Principal features include:

- Annual turnover circa £1.8m.
- Midlands and South Wales customer base.
- Purpose built leasehold premises.
- Skilled workforce.
- Specialised plant and machinery.

For further information please contact the Joint Administrative Receiver, John Wheatley, KPMG Peat Marwick, Peat House, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021 233 1666. Fax: 021 233 4390.

Altek Industrial Ltd.
Cambridgeshire

Specialist in design, development and manufacturing of automated assembly systems and supplier of high precision industrial robotic equipment.

Principal features include:

- Annual turnover circa £800k.
- Established "Blue Chip" customer base.
- Modern leasehold premises.
- Skilled workforce.
- Plant and machinery.

For further information please contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St. Albans, Hertfordshire AL3 4RF. Tel: 0727 43000. Fax: 0727 41005.

KPMG Corporate Recovery

T. C. Engineering Services
Redruth, Cornwall

- Structural steel engineers
- Skilled work force
- 25,000 sq ft freehold factory
- 3.5 acre site
- Turnover £1.5m approx
- Current order book

For further details please contact:
Grant Thornton,
Cobourg House,
Mayflower Street,
Plymouth PL1 1LG.
Tel: 0752 669911.
Fax: 0752 665414.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Smith & Williamson

Corporate Recovery • Litigation Support • Corporate Finance • Taxation • Banking Investigations • Investment Management • Pensions & Life Assurance • Accounting • Auditing

The Joint Administrative Receivers of Berger-Sawyer Restaurants Ltd offer for sale the business and assets of the

"HUNGRY HUSSAR"

★ Established restaurant with famous regular clientele.
★ Situated in Hampstead, London.
★ Specialising in Hungarian cuisine.
★ Experienced management and chef.
★ 50 covers.
★ Takings in excess of £200K per annum.

For details, contact Simon Lumsden or Peter Yeldon on 071-637 5377 at the offices of Smith & Williamson, No. 1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson, Chartered Accountants. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Smith & Williamson Securities. Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

TERRY PRINTING GROUP

The Joint Administrative Receivers, Patrick Wadsted and Paul Finn, offer for sale the businesses and assets of the operating companies of this long established group.

A & C M HARRISON LIMITED
Stationery distributors

- Freehold property in Kingston-upon-Thames
- Turnover c. £2.2m per annum
- Prestigious client list

HAM & SEWELL LIMITED
Stationers and equipment suppliers

- Three leasehold properties in Plymouth
- Turnover c. £1.5m per annum
- Retail and commercial operations

UNDERHILL (PLYMOUTH) LIMITED
Printers with inhouse origination and binding

- Leasehold property in Plymouth
- Turnover c. £800,000 per annum
- Two colour presses up to A1

LYME REGIS PRINTING COMPANY LIMITED
Printers with inhouse origination and binding

- Leasehold property in Lyme Regis
- Turnover c. £1.1m per annum
- Presses up to A2 including Mini Web

The group operates a Head Office from leasehold property in Fleet, Hampshire providing central accounting.
A vacant freehold printing works in Sherborne, Dorset is also available for sale.

For further details please contact:

Patrick Wadsted
Kidsons Impey, Spectrum House, 20-26 Cursitor Street, London EC4A 1HY.
Tel: 071-405 2088
Fax: 071-831 2206

KIDSONS IMPEY
Chartered Accountants

Graig Park Developments Ltd.
Graig Park Country Club Ltd.

The Joint Administrative Receivers offer for sale, as a going concern, the timeshare/leisure and hotel complex of the above named companies.

Principal features include:

- The complex is situated near Prestatyn, North Wales, close to the A55 coast road.
- Turnover: 1991 – £450,000 (approximately) Hotel and Leisure Complex
- The hotel has 12 bedrooms and other facilities including bar, bistro, restaurant, swimming pool, fully equipped gymnasium and other leisure facilities.
- The site has the potential for 49 lodges with 12 complete to final fixing stage.
- The lodges are built to RCI standards.
- The hotel and bars and other facilities opened in January 1991 with the exception of the gymnasium which opened in May 1991.
- 8 acre freehold site.

For further information contact the Joint Administrative Receiver, Andrew Thompson, KPMG Peat Marwick, Richmond House, 1 Rumford Place, Liverpool, L3 9QY. Tel: 051-236 5052. Fax: 051-236 1882.

KPMG Corporate Recovery

Metamec Clocks and Lighting Limited

The Administrative Receiver offers for sale the business and assets of this long established, leading manufacturer and distributor of famous brand name clocks.

- Extensive range of quality products, some of the most respected brand names in the industry.
- Turnover to end of 1991 approx £2.8m.
- Substantial current order book.
- Leasehold factory in East Anglia, very economical rent.

For further details please contact the Administrative Receiver, Raymond Hocking FCCA or his staff at the company's premises in Dereham on 0362 692121, quoting reference 13/SJL.

STOY HAYWARD — Horwath

Accountants and Business Advisers A member of Horwath International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Stoy Hayward, 8 Baker Street, London W1M 1DA. Tel: 071-486 5888.

Readymade Curtain Manufacturer with a Flock Fabric Manufacturing Facility

J & N Readymades Ltd

(In Receivership)

Established business founded 7 years ago

- Turnover well established at approximately £5m per annum
- Stocks and Work in Progress of £600,000
- Substantial Order Book
- Freehold property in Rochdale and leasehold premises in Bedwas, Mid Glamorgan

For further information please contact Richard A Smart of Cork Gully, Churchill House, Churchill Way, Cardiff, CF1 4XQ
Tel 0222 238823 Fax 0222 345626

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

BUSINESSES FOR SALE

Manufacturers and suppliers of commercial catering and refrigeration equipment

Viscount Catering Equipment Group Limited and subsidiaries

In Receivership

The Joint Administrative Receivers offer for sale the business and assets of the above group of companies operating under the trading names:

Moorwood Vulcan — **Sadia Refrigeration**

Jackson Catering Equipment — **Oliver Toms**

The principal features comprise:

- Annual turner in excess of £20m
- Wide range of customers including Government Departments, Local Authorities, high street chains and premier hotel groups.
- Comprehensive and technically advanced product ranges including unique refrigeration and induction cooking systems.
- Manufacturing system approved to BS 5750 (Part 2)
- Modern CNC metal fabrication equipment and plant.
- Freehold site in Sheffield, close to M1.
- 9 acre site with approximately 170,000 sq. ft. manufacturing area.
- 35,000 sq.ft. leasehold manufacturing and distribution facility in Perivale, West London.

For further particulars of the assets offered for sale, please contact D J Stokes at Cork Gully, 1 East Parade, Sheffield S1 2ET (Telephone 0742 730491. Fax 0742 598202) or S C E Mackellar at the Group's premises. (Telephone 0742 570100. Fax 0742 570251).

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

FOR SALE

COMPLETE POWER GENERATING STATION LOCATED IN U.K. IDEAL FOR RELOCATION ANYWHERE IN THE WORLD

Generating Plant with a capacity of 300 megawatts (300,000 kilowatts) supplying the National Grid is available as from April 1992.

The facility comprises 3 independent turbo-generator sets complete with boilers, control rooms and all ancillary operating equipment.

Offers are invited for this integrated generating facility which will be fully operational until March 1992.

For further information please contact:

J.F.T. Law & Company Limited,
P.O. Box 1, Uphampton, Ombersley,
Nr. Droitwich, Worcs, WR9 0LN. England. U.K.

Tel: 0905 621212 Fax: 0905 620208
International: Tel: +44 905 621212 Fax: +44 905 620208

LEISURE GROUP

Themes International plc

The Joint Administrative Receivers offer for sale the business and assets of these three businesses, which form part of this leisure group.

FOR FURTHER INFORMATION AND SALES PARTICULARS FOR EACH BUSINESS CONTACT:

Michael Moore at Cork Gully, Albion Court, 5 Albion Place, Leeds LS1 6JP. Telephone: 0532 457332. Fax: 0532 434567. Please quote reference "Themes".

Public House and Restaurant
The Pavilion

This established public house and restaurant in Billinge, Lancashire is held on a short-term lease from Greenalls Inns.

Principal features of the business include:

- turnover c. £130,000
- short-term leasehold premises with living accommodation
- ample scope to build on existing trade.

American Themed Licensed Restaurants
What's Cooking Limited

These four established theme restaurants in Southport, Liverpool, Formby and West Kirby, Merseyside each have a significant local customer base. The Liverpool location operates mainly as a bar, although it also has an established first floor restaurant.

Principal features of the business include:

- turnover c. £840,000
- leasehold fully-fitted premises.

Antique Warehouse and Theme Supplier
The Grove Development Centre Ltd T/A Bygone Times

The largest supplier of decorative and theme artifacts in Europe, this Lancashire based business has two facets 1) the letting of 150 antique stalls 2) specialist supply of artifacts for the television, film and leisure industries plus many other markets.

Principal features of the business include:

- market leadership
- turnover c. £800,000
- national and international customer base
- stock with cost of £1 million
- 30,000 sq ft warehouse
- large site with growth potential
- 20 staff

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CARTER BACKER WINTER

COLES (MENSWEAR) LIMITED
(In Administrative Receivership)

M J Carter and J Y Venvil, Joint Administrative Receivers of the company, offer for sale the assets and undertaking of the undermentioned businesses in whole or in part:

- Long-established quality menswear business.
- Current turnover in excess of £8 million.
- 15 well-located shops in prime positions in London, the South East, Nottingham and Leeds.
- Extensive leasehold warehouse and office premises in London.

For further information please contact: M Reynolds or S Walker at Carter Backer Winter, Hill House, Highgate Hill, London N19 5UU. Tel 071 263 7111. Fax 071 281 2166.

Carter Backer Winter is authorised to conduct investment business by the Chartered Association of Certified Accountants.

FOR SALE

GETTY OIL CORPORATION PLC.

Fully Paid Share Capital £25,000,000. The above Company has never traded, was incorporated 20th May 1991 and a Section 117 Permission to Trade and Borrow Certificate was issued 17th June 1991. The company is not connected to the Getty family or to any other oil company. An objection to the company name dated August 1991 and made by Getty Oil Treatment Limited registered in Scotland, has been over-ruled by the Secretary of State and the company is now ready to trade. Best offer in excess of £10,000. ALSO Available now, all at £5,000,000 Authorised Share Capital complete with Section 117 Certificate and at £1,750 each with no more to pay CORPORATE & FINANCIAL GUARANTEE PLC. ASSOCIATED PROVINCIAL PLC. SUSSEX & LONDON RESOURCES PLC. CORPORATE UNIVERSAL HOLDINGS PLC. CRITERION SECURITIES PLC. LONDON & CONTINENTAL RESOURCES PLC. CORPORATE ASSET MANAGEMENT PLC. LONDON & LOMBARD PROPERTIES PLC. ELIZABETH COURT GUARANTEE PLC. Tel: 0934 64030 Fax: 0934 642032 PUBLIC COMPANY FORMATIONS, Part of Public Company Consultants PLC.

HARBOUR FOR SALE

A former haven for smugglers, this Scottish harbour has a sheltered position and good access at all states of the tide offering one of the safest moorings in the area.

Earmarked by the Scottish Tourist Board as having "all the ingredients of a first class yacht harbour", more than 500 craft a year visit the Harbour which is next to a pretty village with good facilities for visitors.

Turnover - £20,000 p.a.

For further information contact Box No: H9455 Financial Times, One Southwark Bridge, London SE1 9HL.

SOFTWARE HOUSE IN MANUFACTURING MANAGEMENT

A software house is for sale that has over the last 10 years developed a highly respected and established MRP II (Manufacturing Management) software package.

The product is functionally rich with over 700 programmes contained within 20 modules. The development cost from commencement exceeds £1 million.

There is a client base of 27 manufacturing companies, amongst whom are some of the largest organizations in the U.K. This base provides an annual support income of £150,000 per annum and ongoing bespoke & consultancy income, which is currently £125,000 to be supplied in the next 4 months.

The last four turnkey system sales to clients during in 1990/1 were £840,000, £520,000, £272,000 & £300,000 respectively.

The package is on DIGITAL VAX & UNIX platforms and there is a current active list of prospective clients with whom new system sales are being negotiated.

The highly skilled staff consisting of manufacturing consultants, systems analysts, & software marketing personnel are mostly the original development team operating from some fully equipped and prestigious offices centrally located within 1 minute of the M5 & 10 Minutes from Birmingham City Centre.

TEL: 021-525-1440

CHRISTIE & Co
Licensed Property Auctions

REMINDER NOTICE

UPON THE INSTRUCTIONS OF MORTGAGEES IN POSSESSION, BANKS, RECEIVERS, CORPORATE AND PRIVATE CLIENTS.

FOR SALE BY AUCTION ON 29TH JANUARY 1992
(Unless previously sold by private treaty)

Major sale of Licensed premises. Trading businesses, closed units, redevelopment opportunities.

Sale commences 2.00pm at London Kensington Hilton.

For further details and catalogue ring the Auction Division on 071 486 4231

OFFICE/KITCHEN FURNITURE MANUFACTURER

A unique opportunity to acquire the assets including a modern factory unit with all plant and equipment in SITU.
The unit has designed and manufactured a range of high quality office furniture using a patented M.D.F. leg frame, the desking system is cert. to BS4875. Part 5. Level 4. The factory layout is equally suitable for the manufacturer of kitchen/bedroom units.

Freehold modern factory 27,000 sq ft (total site 1.35 acres) location crook, county Durham. A1(M) 12 miles. £325K plant and equipment £145K

Further Info:- B. Whittingham. Beta Industries Ltd. Crook Co. Durham Tel. 0388-762076 Fax 0388-766202

DIVERCO
Sell Companies Nationwide

SELLERS and BUYERS

Contact in confidence
DIVERCO LTD,
4 Bank Street,
Worcester WR1 2EW
Tel: 0905 22303

Paul James Goddard t/a Glossop Motors
(Trading under Voluntary Arrangement)
and individual
GLOSSOP, DERBYSHIRE

Haulage Contractor and Motor Vehicle Engineering and Breakdown Recovery Operation. Turnover in excess of £1,000,000 p.a. plus Value Added Tax

All Enquiries: G.A.M. Simmonds Esq. F.F.A. A.C.E.A., Supervisor Under an individual Voluntary Arrangement, Simmonds & Company, Accountants and Insolvency Practitioners. Crown House, 217 Higher Hillgate, Stockport, Cheshire SK1 3RB

COMPUTER HARDWARE BUSINESS

Small, profitable manufacturer of computer terminals and pc-based products for the distributive trades.
Would be of interest to electronics manufacturers or to systems/software houses which are active in this field.
Apart from outright sale, any merger or joint venture proposals will be considered.

Please write to Box H9447, Financial Times, One Southwark Bridge, London SE1 9HL.

ELECTRICAL CABLE AND WIRING MANUFACTURER

Business and assets of Cheshire-based electrical cable and wiring manufacturer for sale comprising:

- plant and machinery
- office equipment and vehicles
- stocks
- order book

Turnover in year to 30 March 1991 £1.9m. Disposal of non-core group activities. for further details write to:
Box H9415 Financial Times, One Southwark Bridge, London SE1 9HL.

DORSET COUNTRY TOWN

Proprietor/Tenant sought to take over successful retail business in leasehold premises of 5,000 sq ft with ample parking. Existing turnover £575,000 at gross margin exceeding 22% giving good income to working manager. Cost of ingoing in region of £100,000 including fixtures and fittings of £10,000. Lease terms negotiable at rent of £25,000 per annum.

Bank reference required.
Write Box No. H9471 Financial Times, One Southwark Bridge, London SE1 9HL.

HUMAN RESOURCES CONSULTANCY

Human resources group (recruitment, training, consultancy), genuine offshore trading company with offices in European Community, invites acquisition. Recently restructured, sound infrastructure, good management, well directed, blue chip clients. Trading profitably but needs to be relieved of historic debt.

Principals only should write to Box H9434, Financial Times, One Southwark Bridge, London SE1 9HL.

Small but very active Sales and Marketing Company for sale. Specialising in supplying Garden Centres and DIY markets throughout a large part of the U.K.

Exclusive range of products selling to a large customer base and which offer ideal opportunity for expansion. Owner prepared to stay on if required.

Write Box H9459, Financial Times, One Southwark Bridge, London SE1 9HL.

BUILDERS MERCHANTS FOR SALE

Located in Scotland with four freehold depots, one leasehold depot and a leasehold retail shop. There is development potential on four acres adjoining the main depot. Turnover £8.1 Million. Cash Sales, 2.35 Million Supplies diy customers and small building contractors.

For further information please contact Box H9456, Financial Times, One Southwark Bridge, London SE1 9HL.

HOTELS

CLUBS/RESTAURANTS
WORLDWIDE
BUY / SELL
FRANCHISES
LEASES

PLEASE CONTACT
TEL: 071 323 4838
FAX: 071 436 1095
TLX: 21529 SUCCES G

NORTHERN ENGLAND NURSING HOME
Reg. for 45

Large detached property in approx. 1 acre. Top quality residential location. Long established and in same ownership for 15 years. Projected income 1992 £300,000+. 999 year leasehold. Price £995,000. Ref: NH6548

Other opportunities available throughout the UK.
Contact Simon Gilbert, TAYLOR NATIONAL, (0532) 467101

SIGN MANUFACTURER AND INSTALLER

Profitable London based Company
Turnover £1 Million P.A.

Contact: Cooper Lancaster, Ref: 800502 Aldwych House, 81 Aldwych London WC2B 4HN

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Plated Plastic Developments Ltd

The Joint Administrative Receivers offer for sale the business and assets of Plated Plastic Developments Ltd.

The business, based in Great Barr, Birmingham, comprises the electro-plating of bright chrome, brass plating, nickel and gold onto plastic injection mouldings. The company's principal customers are in the automotive and domestic appliance markets.

Included for sale are the following:

- Extensive range of plant and machinery.
- Stock and work in progress.
- Motor vehicles.
- Goodwill.
- Turnover in the region of £1.5 million per annum.
- Leasehold property comprising approximately 10,000 square feet.
- Skilled workforce.

For further information please contact the Joint Adminstrative Receiver, Ann Davies, KPMG Peat Marwick, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021-233 1666 Fax: 021-233 4390.

KPMG Corporate Recovery

For Sale

Stationery Printers and Office Suppliers

Turnover £700,000

Ideal addition to an existing business. Good growth potential in all its markets. Parent company wishes to concentrate on core business.

For further details apply to Box H9448 Financial Times, One Southwark Bridge, London SE1 9HL

MODERN FOUNDRY

For sale by engineering group following post acquisition review. Built on freehold site in 1990. Capacity 500 tons p.a. of dimensionally accurate quality iron and alloy castings.

Write Box H9412 Financial Times, One Southwark Bridge, London SE1 9HL

THE OWNER OF AN ESTABLISHED U.K. company with manufacturing base in U.K. and mainland China. Producing prepacked beverages. Vending equipment and disposable plastics. Wishes to talk with interested parties. Write Box H9432, Financial Times, One Southwark Bridge, London SE1 9HL.

TEXTILE FINISHING PLANT

Textile Finishing & Dyeing Plant in East Midlands.

Principals only

Write to Box H9418, Financial Times, One Southwark Bridge, London SE1 9HL

PUBLISHING COMPANY

Small but very profitable publishing company with highly respected trade title. T/O currently £1.1 million. Low overheads, established 11 years.

For further information please write Box H9445, Financial Times, One Southwark Bridge, London SE1 9HL.

Plastic vacuum forming Co. for sale.

Near M25 Surrey.
T/O 450K p.a. Leasehold premises 12000 sq ft.
Write Box H9446 Financial Times, One Southwark Bridge, London SE1 9HL.

Well established RECRUITMENT COMPANY For Sale

Specialists in Marketing and Executive appointments.
Extensive Client and Candidate base covering Greater London, Thames Valley & South East.
For further information write Box H9463, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

A significant PLC wishes to dispose of a small wholly owned subsidiary consisting of approximately 30 retail outlets which service the leisure and Art Market.

Turnover is approximately £4m and a high gross margin is achieved.

Interested parties wishing further information should write to The Box H9403, Financial Times, One Southwark Bridge, London SE1 9HL

TECHNOLOGY

Getting to market on time

Concurrent engineering? Never heard of it, say 66 per cent of senior managers in UK manufacturing about a system that slashes product development times through teamwork and modern computer-aided design and manufacturing technology.

That is one finding of the 1992 Manufacturing Attitudes Survey* sponsored by Computervision, the big Cad/Cam supplier, and released yesterday. The survey, conducted by Benchmark Research, polled 152 senior managers.

It confirms that UK manufacturers have made great strides in reducing costs and improving product quality but they still have plenty of catching up to do on reducing product development times.

The survey makes interesting reading in the aftermath of last week's initiative by the National Economic Development Council to spread the word about new manufacturing techniques throughout British industry.

When asked what the key manufacturing issues would be in the next five years, more than 95 per cent of respondents said cost-reduction and more than 80 per cent said quality. Just 60 per cent said reducing time-to-market.

Garreth Evans, Computervision UK managing director, said: "The success of many multinational companies demonstrates that reducing time-to-market has a colossal beneficial impact on costs and quality. Why don't UK organisations recognise this?"

Encouragingly, the survey found that 70 per cent of the sample had introduced multi-disciplinary project teams – an essential element of the concurrent, or simultaneous engineering, approach.

And 44 per cent of these sites had included customers in the teamwork process. Of the 34 per cent who had heard of concurrent engineering, 72 per cent agreed that it offered a significant advantage over current methods of development.

Andrew Baxter

**1992 Manufacturing Attitudes Survey. Computervision, Argent Court, Sir William Lyons Road, Coventry. £499 plus VAT*

Daniel Green describes how synthetic microfibres produce fabric that is stronger and finer than silk

Spinning a yarn to its limit

In KaDeWe, Berlin's largest department store, there is a coat for sale that looks both classically trench and stylishly Scandinavian. Its lining is beaverskin and the price tag is DM 3,750 (£1,300).

But while the inside of the coat is merely expensive, the outside is revolutionary. It glows like silk and feels like the bloom of a peach. The cloth is made of polyester microfibres, the filaments of which are finer than silk.

There are some in the textile industry who believe, or at least hope, that microfibre fabrics will eclipse Du Pont's Lycra as the hottest new material in popular clothing.

Lycra has graduated from womens' hosiery to professional and fashion sportswear, as exemplified by cycling shorts. Now microfibres are following a similar route. Once limited to blends with wool and cotton, their combination of toughness and softness has put them into sportswear, rainwear, silk mixture blouses and even medical filters.

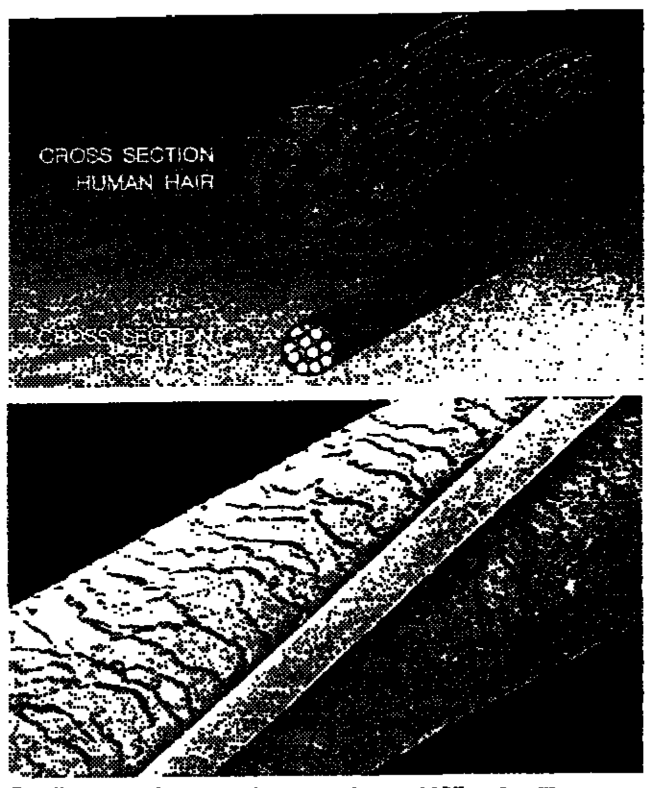
The tight weave possible with such fine filaments means that a fabric can be made waterproof without the need for a plastic coating. The spaces in the weave do not let rainwater seep in but they let water vapour, from sweat, out.

The principle is not new. Gore-Tex, a fabric invented in the US and popular in outdoor clothing, also has microscopic holes that perform the same role. But Gore-Tex holes are made in a plastic film, rather than the weave. With microfibres, the need for such a coating is eliminated.

For more advanced fabrics, a chemical coating can be used which makes it possible for the material to pick up water from the skin and draw it away from the body to the outside of the cloth. "The results is theoretically seven times more porous than cotton and will dry three times as fast," says an executive at UK fibres maker Courtaulds.

There are more adventurous products yet. By combining highly twisted microfibres with conventional fibres of lower twist, delicate napped surfaces such as on the Scandinavian coat can be made. "Each fibre might have to be twisted hundreds of times," explains Mike Bartle of Yorkshire silk fabric specialist Lister.

But the costs are high and the search is on for short-cuts. "You can get a similar effect by mixing fibres that respond differently to heat," says Bartle.



The fineness of a single filament of one of ICI's microfibres is less than 1/60 of that of a human hair

Other exotic finishes are possible. In Japan, Toyobo makes a "powder touch" material and Kanebo a "moist touch" fabric. Both are intended for the fashion industry.

The origin of these high technology materials is humble. When nylon first hit the streets in the 1940s it was called artificial silk and priced accordingly.

It was quickly joined by polyester and production grew rapidly. Prices fell quickly as volumes rose. By 1975, polyester accounted for around one third of the entire US textile market.

Such popularity bred contempt. By the late 1970s, nylon and polyester had become cheap to produce. Synthetic fibre clothes were considered tacky and sweaty. Their only advantages were strength and an ability to withstand being thrust into a washing machine every week. In the 1980s, cotton and wool were, once again, the fabrics of choice – except in Japan.

There, demand for silk is traditionally higher than in western countries and demand has grown alongside the Japanese economy. The price of the raw material remained high and its supply, largely from China, unpredictable.

As a result Japanese textile companies redoubled their efforts to reproduce the feel of silk. Since the mid-1970s, Japan has led the world in making fibres as fine as silk.

Microfibres are usually less than one denier (the number of grams that 9,000 metres of the filament weighs). What such fine fibres do in principle is to make a fabric feel soft. Microfibres have been blended into wool or cotton for a luxurious feel that is as strong as a more traditional natural/artificial fibre mix.

Fine fibres also make floppy fabrics: a silk garment drapes quite differently from one made of wool or cotton. Used on their own, microfibres can imitate silk better than any previous synthetic and still stand up to being machine washed. Experts can tell the difference between microfibres and silk, usually on sight and more easily by touch. But consumers seem to be prepared to pay high prices for fabric that feels luxurious, regardless of how it is produced.

"There are huge margins for clothes retailers," says Les Jacques at ICI's fibres division. The profits thus generated are what makes microfibre products so attractive to manufacturers and retailers.

Clothes, such as specialist sportswear, made from microfibres are marketed as luxury goods. Special materials, such as that in the Scandinavian coat, even more so.

The typical extra cost of a microfibre is 30 to 50 per cent above that of the normal gauge of filament. But by the time the clothes are on sale in a shop, even an expensive fibre represents only a small proportion of the selling price.

Microfibres appeal particularly to manufacturers in developed countries. They are capital intensive products. Third world suppliers, which have made huge in-roads into developed country markets with natural fibre fabrics, cannot compete.

So the push for finer filaments continues. Today, Japanese fibre producers such as Toray can produce polyester of 0.01 denier. Such fabric is used to make artificial leather and can be "sueded", in which an abrasive breaks some of the fibres in the weave to create a different surface texture.

Garments are not the only route for microfibres. At 0.1 denier, fabrics can be used in the medical world as biological filters. And there is the barely explored area of industrial filtration, where polyesters are particularly useful because they are relatively inert.

At the cutting edge, there are reports that Japanese laboratories have made a filament of 0.0003 denier. This would be a laboratory curiosity with no obvious applications.

The road to world domination for these products is far from smooth. Even for ordinary microfibres, there are production problems. Existing machine designs have to be scaled down to make finer fibre, so production is low. There are risks that filaments will break during manufacture and hold up production.

Furthermore, the greater surface area of a large number of smaller filaments means that much more dye has to be used. "You will never get the same intensity of colour with microfibres," says Bartle.

The greater surface area can be useful, however. The high surface area of microfibres means they are already being used as cleaning cloths, especially for optical equipment and spectacles. Towelling is another possibility.

The very promise of the fibres has led to a sharp growth in production capacity. In 1990, the Economist Intelligence Unit listed 19 Japanese companies making microfibres. They included giants such as Mitsubishi and Asahi, as well as more traditional fibre makers such as Toray, Teijin and Kuraray.

European companies have been slower to join in. While the Japanese started in the mid-1970s, the likes of Courtaulds started only five years ago. European manufacturers now include Hoechst of Germany, Montefibre of Italy, Akzo in the Netherlands and ICI.

The result is over-capacity. This has already hit the prices of the larger sizes of microfibres, at close to one denier. Hoechst acknowledges that there has been some price erosion and that last year was difficult.

Nevertheless, the desire to reduce fibre diameters will continue. The aim is to make artificial materials better than natural alternatives. The potential rewards of genuine innovation in this largely mature industry will continue to push manufacturers towards new products and applications.

Service to say 'Wow!' about

By Alan Cane

Bob Galvin, president of the US electronics company Motorola, has an approach to "service" which owes more to evangelism than the dictionary. Asked to define the term he says: "When someone received it, they always said 'Wow!'"

Few would disagree; the problem is quantifying the "Wow!" factor in a business environment where a "service culture" is often taken to mean little more than courses in courtesy for surly staff.

Service, however, is being increasingly invoked as a source of product differentiation and competitive advantage in the 1990s. A recent survey carried out by Digital Equipment established that more than 90 per cent of 4,000 executives polled worldwide believed that service would become more important over the next five years.

The fact remains that just what "service" is, and how it can be applied to give a company an edge, is frequently misunderstood. It is often confused with quality. OTR, a consultancy based in Brussels and London, started investigating "service" as a source of competitiveness last year.

It defines service as: "The provision of something to an individual that exceeds expectation and adds value at the same time." An example is BT's much improved computer-based directory inquiry service which has put an end to delays and mumbled numbers: "It was so good," OTR says, "that people would often call a second time just to see if this impressive improvement in service was real or just an illusion."

OTR was particularly concerned to examine the role of information technology in securing advantage. Its conclusions* are thought provoking. Managing director Colin Jackson reckons that ill-thought out use of IT has played a big part in damaging companies' attempts to improve their competitiveness through service.

The study points to car manufacturer BMW's innovation in fixing charges for labour and parts in motor repairs, with bills provided through a computer system.

There was, it says, an "automation trap" in the process.

TECHNICALLY SPEAKING

The system assumed each repair was carried out in isolation but when more than one repair was done at the same time, the number of hours billed often exceeded the total time the car was physically present at the garage. Result: a clutch of unhappy customers.

And some kinds of service need make no use of IT at all. A motor vehicle designer studied the simple example of a motorist putting petrol into his or her car with a view to incorporating electronics that would demonstrate that the car was safe and efficient.

The options included indicators to show the state of the car with the engine turned off, and ones to demonstrate the number of miles' or kilometres' worth of petrol in the tank. A technique for estimating the value of a service, called Service Assessment, which OTR is promoting, showed that a simple petrol cap retainer would be welcomed far more than sophisticated displays.

The study also explains why "sustainable competitive advantage", a buzzword of the 1980s, proved false. Service involves exceeding customer expectations, which evolve over time. "Wow!" quickly becomes "Ho-hum". So competing with service means continually moving on. Advantage has to be reinvented.

So do competitive methods. Service may be the touchstone for the next few years, just as quality was for the 1980s, but competition is a great leveller. The winners in the late 1990s will be those who know when to say "Wow!" next.

**How can Information Technology Help when Using Service to Compete? £250; OTR London:(071) 403 3574; OTR Brussels: (02) 230 2970.*

LEGAL NOTICE

POSTPONEMENT OF BANKRUPTCY AND CALL-UP OF CREDITORS

(according to art. 725, par. 4 CO)

The debtor mentioned hereafter was granted a postponement of bankruptcy until February 28, 1992.

By analogy with the dispositions of art. 742 par. 2 CO, the creditors of the debtor and the persons entitled to a claim ARE INVITED TO PRESENT within the prescribed time their credits or claims to the Council of Trustees and to submit their supporting evidence (documents, extracts from books etc.), in original or certified copy. The sentence granting the postponement of bankruptcy puts an end to the interests of all credits not secured by pledge (art. 209 LP).

The debtors of the Company have to announce themselves within the time fixed for the presentation of credits and claims. If they fail to do so, they are exposed to the penalties provided for by the legal dispositions. The same rule applies to bonds-men, guarantors or joint and several debtors.

Persons holding assets of the debtor in the capacity of pledgers or in any other capacity are obliged to put them at the disposition of the Council of Trustees, within the time fixed for the presentation of credits and claims. If they fail to so, they are exposed to the penalties provided for by the legal dispositions and shall lose their preferred rights in case of inexcusable omission, even the creditors who do not appear within the fixed time.

The powers of the debtor's Board of Directors being suspended, the Council of Trustees is not liable for obligations of the Company not approved by its signature.

DEBTOR: SAUDI FINANCE CORPORATION SAUDFIN SA, the objects of which are any and all financial operations, including all operations of purchase, sale, administration and credit, movable and real, as well as loans, credits, loans on merchandises, credits and pledges. Preceding headquarters 2, rue Thalberg in Geneva, actually 10, Cours de Rive in Geneva, c/o Marcotrade SA.

DATE OF THE SENTENCE: December 9, 1991

TRUSTEE: Roger-M. SIFFERT, chartered-accountant, c/o GEROFID SOCIETE FIDUCIAIRE S.A., 9 rue du Vieux-Collège, POB 789 - CH 1211 Geneva 3

TIME FOR PRESENTATION OF CREDITS AND CLAIMS: January 31, 1992 (to be addressed to the Trustee) (risk of preclusion)

The Trustee: Roger-M. SIFFERT

Geneva, December 23, 1991

ARTS

Trapped by a formula

From Lingotto, **William Packer** takes American Art to task

With the millennium now in immediate prospect, an urge to look back across the several phases and developments of the 20th century is hardly perverse. *American Art 1930-1970*, sponsored by Fiat at Lingotto, its former factory complex on the outskirts of Turin (until March 31), thus takes the century's middle 40 years, and a national school as important as any in the up-and-down, in-and-out history of modern art.

The importance of American Art in the second half of our century is manifest, mainly for the commercial and critical power it has commanded and the influence it has enjoyed. Any exhibition that marks its transition from provincial and insignificant backwaters to world power must be important, and all the more so for being well-chosen, installed and documented.

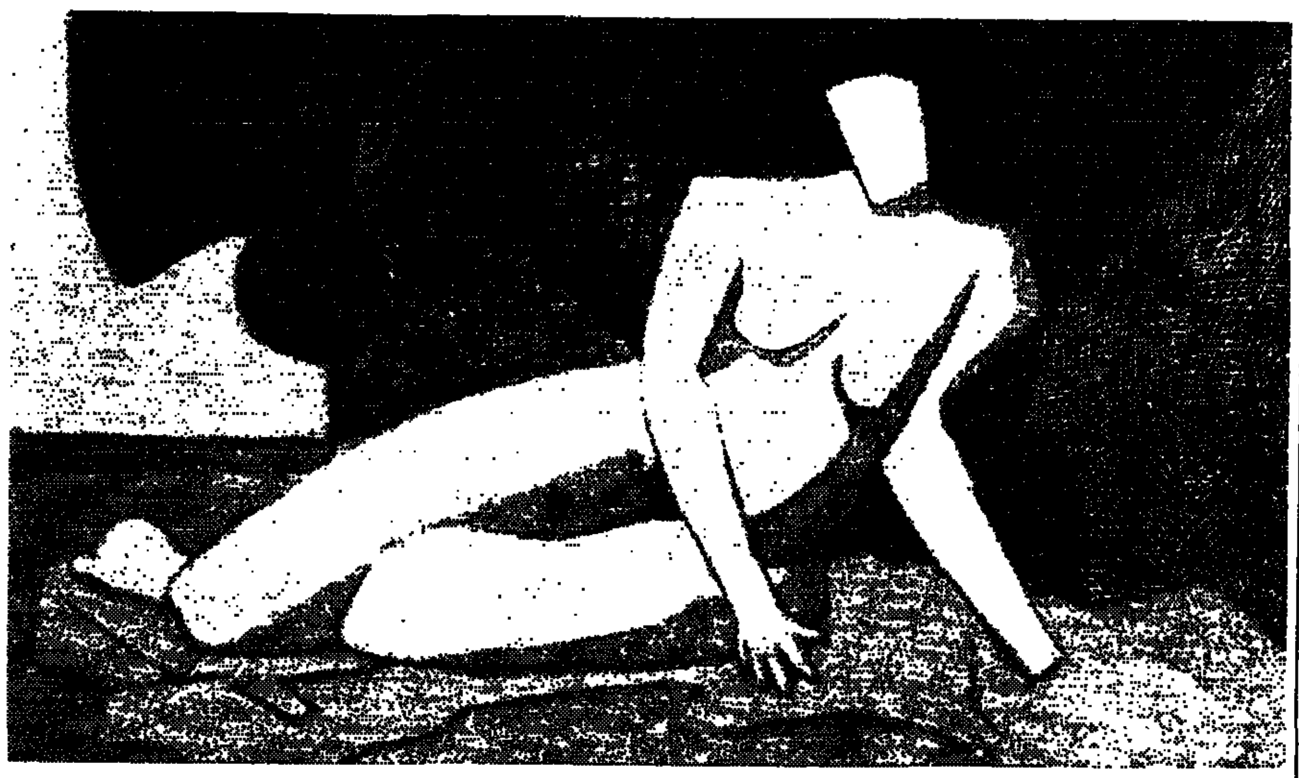
But whatever the fond hopes of scholars and curators, it does not follow that every such exhibition will necessarily be a celebration of its subject. The recent Pop Art show at the Royal Academy was a useful if inadvertent beginning; and now here at Lingotto, with an ever deepening scepticism, we again confront the critical claims made for later 20th century American Art.

Ever since abstract expressionism burst on an astonished world shortly after the Second World War, these claims have been extraordinary, both in their critical extravagance and the reward they have brought at least some of their perpetrators. We may not accept that Jasper Johns or de Kooning, for example, are quite the peers of Degas or Velasquez in terms of talent or achievement, but the market has been saying no less of them these many years. Such claims may still pass unchallenged, yet, the moment we pause to think before the work itself, they fall away.

The practical test is simple enough. Walk slowly through the Lingotto exhibition, following natural curiosity rather than supposed duty, and note where one is detained the longer. We find that the earlier spaces, smaller in themselves and accounting for no more than a quarter of the space overall, require time and close attention in inverse proportion to the wider spaces beyond. They contain the work of the 1930s and 40s, principally figurative and comparatively small in scale, conscientiously made.

What do we find beyond? Why, the abstract expressionism of Still and Motherwell, the Pop Art of Rosenquist and Wesselman, the minimalism of André, Stella, Ryman, Marden, the conceptualism of Kossuth and Baldessari, the neon tubes of Flavin and Sonnier, the twisted pipes of Serra, the celebrated junk of Rauschenberg and Johns: in short the sum of American genius after 1950. "It is incredible", says Attilio Codognato in his catalogue introduction, "how much our garbage can reveal about our lives."

To come round to Philip Pearlstein at the very end of the show, and he no master of the nude figure, is to feel a real relief at something attempted, struggled with, something to look at. But it is with the long disregarded provincials, the realists and symbolists of the first period, Hart Benton, Hopper, Sheeler, Reginald Marsh and Isobel Bishop, that the real pleasure and interest of this exhibition lie.



All the best paintings date from the 1930s and '40s: 'Blue Nude', 1947, by Milton Avery

It is not that the later developments are without critical interest and even beauty. The parallel currents of abstraction and figuration, in the 1940s especially, are fascinating to trace, as much in the early work of Rothko and Gorky as of Hopper and Marsh. What is both astonishing and unforgiveable is the extraordinary critical totalitarianism by which suddenly, around 1950, the new order was imposed, what had gone before deemed trivial and irrelevant to the great task and future that lay ahead.

The effects upon the world at large, that more or less swallowed this humbug whole, are another matter. Here the havoc wrought on American Art itself is enough. We have only to consider the later work of true talents such as Philip Guston and Mark Rothko, even de Kooning, shown alongside the earlier, to sense real desperation and despair. Commercial interest was put before any complexity or inconsistency in the artist's imaginative development. Consistency and predicability were all, a mere matter of style, to be recognised and presented to the world at large.

Trapped by a formula, Rothko killed himself: Guston escaped into a vigorously cynical symbolism: de Kooning's fierce figurative expressionism simply drained away. And for the rest, was there ever anything serious to say of Rosenquist, as inept a painter ever to achieve an international reputation, or Clyfford Still, or Barnett Newman, or Rauschenberg? By such heroes as these is the claim, sustained, that the American School is most significant of our time.

What is ultimately so depressing is not so much the over-vaunted claim, as the its acceptance by so many of the artists themselves. By 1960 there had developed that curious aesthetic and moral arrogance which is perhaps America's truer contribution in the history of art. The artist no longer struggles, does not look and learn from the world about him, does not have doubts of his own abilities and perceptions. The artist is always right.

Such is the patronising cynicism, or naivety perhaps, of a Rauschenberg with his paint-daubed bric-a-brac, a Johns who nails a broom to his canvas, a Lewitt who simply tells the gallery assistant to draw lines in pencil on the wall, a Baldessari who paints the banal text from the painter's manual, a Robert Morris who would wrap his brain in dollar bills?

The conceptual artist would tell us what to think, would limit our experience of his work to what he would tell us. And he must forgive us if we yawn and turn away. American aesthetic correctness, as opposed to its sometime art, is to be resisted.

Acis and Galatea

QUEEN ELIZABETH HALL

There is perhaps no form harder to bring off in performance today than the baroque pastoral. Handel's score for *Acis and Galatea* is among his most exquisite achievements, but the plot does not have the force or tension that hold an audience through his *Xerxes, Julius Caesar* or *Semele*. Listening to Handel's idea of Arcadian nymphs and shepherds is glorious, but how do you make that idea watchable? One way, of course, is to stage it in an approximation of the style of Handel's day: which is what the English Bach Festival attempted on Sunday night.

But what a huge gap there is between theory and practice in reviving these baroque operas in period style. On one level it is so distracting to watch modern performers' efforts to recapture the exquisite refinements of an unrecapturable era that you can hardly attend to the music. On another level it is so interesting to be given a visible image of the idioms of that lost time that you are grateful to find new things to hear in the music. I find that I spend half the time fending off the incidental details of the performance before me and trying to perceive the ideal that the revival is aiming at.

The most important features of this English Bach *Acis* were in the music. With just four or five voices for the choral music and eight players in the orchestra, correspondences between song and accompaniment become keener. The closeness between oboe and tenor in "Consider, fond shepherd" was a typical pleasure, and the intimate vigour of the great "Wretched lovers" chorus was a highlight.

The most striking feature of the stage action was its sheer amount of dance. Choruses and arias were often accompanied by a dance quartet (choreographed by Sarah Kremer), and I was glad to have the dance content of this music underlined. And yet I took little pleasure in the dancing itself. Decked out in airs, graces and smirks, it made *Acis* seem supercilious and bogus – Marie-Antoniette-ish. And weren't the women's dresses, revealing the ankles and more, anachronistic? The 1731 arrangement of Handel's 1718 score was being used, but in 1731 only the young ballerina Marie Camargo (in Paris) dared to shorten her skirts that far.

As Polyphemus, Jonathan Best made the strongest impression. Made-up and costumed in nicely grotesque style, he looked and sounded the least inhibited person onstage. His attempt to acquire courtly refinement of gesture and gait during "Would you gain the tender creature" was the freshest moment of the stage action, because it commented on the whole business of period style.

Sally Harrison sang Galatea with sweet purity, and – for a singer – showed a remarkable degree of understanding baroque stance, gesture and dance. It is hard not to make Acis a tender wimp, and that is all Richard Edgar-Wilson could manage. He looked stiff and gormless, though he sang with – yes – sweet purity. *(That's enough sweet purity. Ed.) (But it was that kind of a show. A.M.)*

Alastair Macaulay

A humorous Watteau

Paul Jeromack reviews the work of Nicholas Lancret

One of the most delightful small exhibitions in America at present is the retrospective of paintings and drawings by the French 18th-century artist Nicholas Lancret (1690-1743), lately at the *Frick Collection* and which reopens at the Kimbell Art Museum, Fort Worth, Texas from February 15 to April 2. In the Frick, a veritable chapel for devotees of the *ancien régime* with its masterpieces by Boucher, Fragonard, Greuze, Chardin (and a just-acquired early Watteau of "Soldiers at Rest Before the Gates of a Town"), the 28 paintings and 14 drawings by Lancret are shown to the best advantage in the most congenial company. Curated by American scholar Mary Tavener Holmes, the Frick show is, surprisingly, the first ever devoted to the artist, and while a rehabilitative effort, may be taken on its own terms just to see some of the most delightful genre paintings of the 18th century.

The son of a coachman, Lancret begun his career as a painter of *fêtes-champêtres* in the manner of Watteau, who after first befriending the younger man, became infuriated when some paintings by Lancret were mistakenly taken to be his own. Lancret enjoyed great success in the pastoral genres that Watteau initiated, earning the Royal patronage of Louis XV and Frederick the Great of Prussia, who collected dozens of paintings by Lancret and his rival, Jean-Baptiste Pater for his palaces at Potsdam and Sans Souci.

Although Lancret has retained a devoted following among private collectors, the artist's critical fortunes have greatly suffered, due to the artist's initially close dependency on Watteau. For much of this century, Lancret has usually been dismissed as a mere facile imitator of Watteau, relying, in the words of one ungenerous critic, on "a set formula without understanding (Watteau's) poetry or originality." The Frick show demonstrates that Lancret, while unable to fully divest himself of Watteau's style (especially in his drawings, which as a whole are rather weak) was no slavish follower, and he explored genres and subjects that were very different from the older master. Whereas Watteau's genius is demonstrated in the compelling, haunting ambiguity and silvery tones that imbues his canvases, Lancret opted instead for both richer, bolder colours and narrative clarity in his *fêtes-champêtres* and *genre* scenes, adding a cheerful humour that Watteau eschewed.

What Lancret lacks in poetry, he makes up in affable charm. There is no mistaking the meaning of Lancret's jolly *Luncheon after the Hunt*, from the Boston Museum, featuring a gaggle of pleasantly inebriated nobles lounging in their chairs. And the poignancy of Watteau's view of childhood is replaced by the simple pleasures of Lancret's *Toy Windmill*, depicting a pug-faced little girl blowing herself purple while vainly attempting to make a booby-trapped toy spin.

In such paintings, Lancret is the French heir of the seemingly straightforward 17th century Flemish and Dutch genre subjects of Dou, Metsu and Teniers that 18th-century French connoisseurs were infatuated with (Diderot once remarked that he would give ten Watteaus for one Teniers). Occasionally Lancret pandered to that taste by adding figures to 17th-century Dutch kitchen interiors by Kalf, Saftleven and others (a good example, unavailable for the Frick show, is the Wallace Collection's *Flea Catcher*), and in at least one instance, Lancret's additions have been cleaned away by judicious 20th-century restorers.

'Blindman's Buff', c 1728, by Nicholas Lancret

Another aspect of Lancret's art that may have been provisionally influenced by Dutch examples, and one minimally dependant on Watteau, was the conversation piece. Lancret was one of the very few proponents in France for this essentially English convention, and he is represented here by his very best examples, notably the famous *La Tasse de Chocolat* from the National Gallery, London, and the *Seated Hunter with a Servant* (private collection, New York), which especially recalls Gainsborough.

According to one account, Lancret's only vice was his great love for the theatre and opera, and one of the fruits of his obsessions, and a highlight of the show, is the pastoral portrait of the prima ballerina La Camargo dancing with a companion (National Gallery, Washington).

If the Frick show finally coaxes Lancret's reputation out from under Watteau's shadow, it is worth recalling that for his contemporaries, there was no confusing the two artists. Commenting on two Lancrets, one astute 18th century critic decreed that while they were "in the genre of Watteau, but in a style that M Lancret had already created for himself – and true connoisseurs will not confuse them"

Andrew Strong

TOWN & COUNTRY

You could tell it was a hot ticket by the persistence of the touts – they had infiltrated Kentish Town tube station offering to buy and sell. And the audience, too, was older and smarter than the usual T & C crowd. It was indeed an occasion and a very odd one. The star was no cult hero but an unknown with pitifully little experience of live performance.

A year ago Strong was a Bunterish school boy, familiar in County Kildare through his size and pigtail. Now he has a six album contract and the trappings of a Sunset Boulevard career. When director Alan Parker trawled Ireland seeking unknowns for his movie *The Commitments* he hired Strong to give weight to the role as the singer in the band. It has since proved a surprise international hit and the fictional Commitments have moved from being just another failing Dublin blues band to a hot commercial property.

It is very bizarre. Throw a stone and you will hit a pub band belting out the sixties soul classics of Wilson Pickett and Otis Redding. Its harmless nostalgia, as far away from the music business as Sunday morning soccer from the World Cup. But the movie has popularised both the performers and the songs. There was, after all, an audience for "Mustang Sally" and "Try a Little Tenderness", and Strong, a Roy of the Rovers come to life, is the unlikely vehicle for the craze.

He is the hyperactive kiddie on the school treat, lumbering around the stage fingering an imaginary guitar just like the teenager in the bathroom. This is how it should be. Strong is just 18. He might look like a 48-year-old truck driver, Meat Loaf on a quiet day, but there is no way he can lay on a sophisticated performance.

It is a sweet parody of soul – "How's you all doing now", he drawls in a tentative charade of a southern singer working the cabaret circuit. After that his chat consists of spotting friends in the audience and wondering at the strange twist of fate which has made him this week bigger than big. Of course there is some sense in it all. Strong has a remarkably solid "black" voice. Close your eyes and he is the soul singer of your dreams.

Strong is already trying to move on, slipping in his own songs, which seem like a pastiche of the real thing. And he has a raunchy band with a six-strong brass section and girl singers who strut. It is just possible that the voice will keep him touring medium-sized venues in the US after the movie has moved on. But I can't imagine he will be such a hot ticket in Kentish Town again.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Jordi Savall conducts the Capella Reial de Catalunya in a programme of Spanish baroque music. In the Kleine Zaal: Lieder recital by Jan-Hendrik Rootering (6718 345)

■ ANTWERP

deSingel 20.00 Antonio Pappano conducts the Orchestra and Chorus of the Monnaie in Verdi's Requiem, with Margaret Jane Wray, Florence Quivar, Richard Greager and Carlo Colombara. Repeated on Thurs. In Liege and on Sun in Brussels (248 3800)

■ BERLIN

Schauspielhaus 20.00 Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in Beethoven's Leonore overture No 3, Britten's Sinfonia da Requiem and Strauss' Don Quixote with soloist Mischa Maisky. Thurs and Fri: Siegfried Kurz conducts the Berlin Staatskapelle (East Berlin 2272 261)

Metropol-Theater 20.00 First night of Larry Fuller's Broadway production of Jesus Christ Superstar. Runs till Feb 9 (East Berlin 2082 715)

■ BOLOGNA

Teatro Communale 20.30 Gianluigi Gelmetti conducts Pier Luigi Pizzi's Pesaro Rossini Festival production of Tancredi, with a cast led by Mariella Devia and Bernadette Manca di Nissa. Runs till Jan 28, with next performance on Sun afternoon (529999)

■ BRUSSELS

Théâtre National 20.15 First night of a new production of Roberto Zucco, a controversial play (1990) in which the late French dramatist Bernard-Marie Koltes gives a sympathetic portrait of the life and psychology of a young criminal. The play is directed by Bruno Boeglin. Daily till Jan 25, except Sun and Mon (217 0303)

Palais des Beaux Arts 20.00 Beaux Arts Trio plays piano trios by Haydn, Zemlinsky and Schubert. Thurs: Ashkenazy conducts the Royal Philharmonic Orchestra (507 8200)

■ FRANKFURT

Alte Oper 20.00 Hermann Prey sings Schubert. Tomorrow: Rozhdestvensky conducts Schnittke and Tchaikovsky. Thurs and Fri: Inbal conducts Mahler. Sat: homage to Duke Ellington. Sun: Academy of St Martin the the Fields (1340 400)

Jahrhunderthalle Hoechst 20.00 Broadway production of Evita. Repeated tomorrow, Thurs and Fri (3601 240)

Opernhaus 20.00 Jazz at the opera: City Stage Big Band with Bill Ramsey. Tomorrow: Moses und Aron. Thurs and Sun: three Amanda Miller choreographies. Fri: Macbeth. Sat: Ariadne auf Naxos (236061)

■ HAMBURG

Staatsoper 20.00 First Hamburg performance of Requiem, John Neumeier's choreography premiered at the 1991 Salzburg Festival. The work is based on a combination of Mozart's Requiem and the Gregorian version of the Requiem Mass. Also on Fri and Jan 29, 31. Tomorrow and Sat: Madama Butterfly. Thurs and Sun: Carmen with Alicia Nafe, Vladimir Atlantov and Marie McLaughlin. Sun morning and next Mon in Musikhalle: Eri Klas conducts Deryck Cooke's realisation of Mahler's Tenth Symphony (351721)

Deutsches Schauspielhaus 19.30 Peter Turrini's play Tod und Teufel directed by Wilfried Minks. Tomorrow and Sat: The Cherry Orchard. Thurs and Fri: Romeo and Juliet directed by Michael Bogdanov. Sun: The Tempest (248713)

■ MUNICH

Staatsoper 20.00 Lorin Maazel conducts the Bavarian State Orchestra in Dvorak's Seventh Symphony and Sibelius' Fifth. Tomorrow and Fri: Tchaikovsky's The Maid of Orleans. Thurs: Die Fledermaus. Sat: Nutcracker. Sun: Prokofiev's opera The Love for Three Oranges (221316)

Philharmonie 20.00 Jazz evening with Lou Rawls and Band, Pete Yorke and others. Tomorrow, Fri and Sun morning: Celibidache conducts the Munich Philharmonic. Sun evening: opera concert with Francisco Araiza and Gabriela Benackova (48098 614)

Herkulessaal der Residenz 20.00 Odeon Trio plays piano trios by Beethoven, Shostakovich and Brahms. Tomorrow: Hagen Quartet (299901). Fri and Sat: Zubin Mehta conducts the Bavarian Radio Symphony Orchestra in Bruckner's Te Deum and Ninth Symphony. Mehta also conducts two concerts next week (558080)

Kammerspiele 20.00 Three short plays by Samuel Beckett, also Sat. Sun: Botho Strauss' Schlusschor (2372 1326)

Gartnerplatztheater 19.30 Eugen d'Albert's opera Tiefland. Tomorrow and Fri: Sondheim's Into the Woods. Thurs: Cosi fan tutte. Sat: Hansel and Gretel. Sun: Fiddler on the Roof (201 6767)

● A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store at Marienplatz 11

■ NEW YORK

Avery Fisher Hall 20.00 Leonard Slatkin conducts the New York Philharmonic Orchestra in John Corigliano's First Symphony, plus Shostakovich's First Violin Concerto with Salvatore Accardo. Thurs, Fri, Sat and next Tues: Slatkin conducts music by Dvorak, Mozart and Claude Baker (875 5030)

Metropolitan Opera 20.00 James Conlon conducts Der fliegende Holländer, with a cast led by James Morris, Matti Salminen and Hildegard Behrens. Tomorrow and Thurs: L'elisir d'amore (362 6000)

New York State Theater 20.00 City Ballet in Balanchine's Scotch Symphony, plus two choreographies by Jerome Robbins. Tomorrow and Sat: Balanchine's Jewels. Fri: Tchaikovsky evening. Season runs daily except Mon till Feb 23 (870 5570)

■ PRAGUE

CONCERTS

This week's events in the Smetana Hall include two Prague Symphony Orchestra concerts tonight and tomorrow with a programme including Brahms' First Symphony and Tchaikovsky's Rococo Variations with cello soloist Harro Ruijsenaars (u Prasne brany 2, 232 5858). On Thurs and Fri, Jiri Belohlavek conducts the Czech Philharmonic Orchestra in Mahler's First Symphony and Mozart's Sinfonia Concertante for violin and viola (231 9164)

OPERA

The National Theatre's new production of La bohème opens on Thurs. The Smetana Theatre repertory includes Die Fledermaus tonight, Otello on Fri and Madama Butterfly on Sat.

■ ROME

Teatro dell'Opera 20.30 First night of the Rome opera season: Paolo Carignani conducts Carlo Verdone's new production of Il barbiere di Siviglia. Runs till Feb 7, with next performances on Thurs and Sun. Sat: Gianandrea Gavazzeni conducts a concert of music by Goffredo Petrassi (488 3641)

■ STOCKHOLM

House of Dance 19.00 Cullberg Ballet in new production of three works by Jiri Kylian. Repeated tomorrow, Thurs, Fri and Sun (753 99100)

Konserthuset 19.30 Cherubini Quartet plays string quartets by Beethoven and Berg. Tomorrow and Thurs: Paavo Berglund conducts the Stockholm Philharmonic Orchestra (244130)

Royal Opera 18.00 Siegfried Köhler conducts Leif Söderström's production of Simon Boccanegra. Fri and Sat: operas by the Estonian composer Eduard Tubin, performed by the Tallinn Opera (248240)

■ WASHINGTON

Washington Opera The season continues on Fri with Handel's Agrippina (runs till Jan 31) and the American premiere on Sat of Savage Land by the Chinese composer Jin Xiang (runs till Jan 28) (416 7800)

Kennedy Center Concert Hall Tonight at 19.00, Peter Maag conducts the National Symphony Orchestra in Mendelssohn's overture The Fair Melusine, Grieg's Piano Concerto and Beethoven's Fourth Symphony. Tomorrow: Charles Dutoit conducts the Philadelphia Orchestra in music by Roussel, Stravinsky and Nielsen. Thurs, Sat and next Tues: James Conlon conducts Mahler's Second Symphony (416 4600)

Kennedy Center Opera House Bye Bye Birdie, revival of the 1961 musical comedy starring Tommy Tune, runs till Jan 26 (416 4600)

The Barns of Wolftrap This week's events include an evening of classic American melodies (Fri) with the humourist and pianist John Eaton, plus a classical guitar recital (Sat) by Liona Boyd (703-938 2404)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
2130-2200 (Thurs) Talking Heads - international issues

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

Super Channel
1800-1830 FT Business Weekly

Sky News
1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN
1800-1830 World Business This Week

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday January 14 1992

Italy heading for relegation

THE DRAFT treaty on Economic and Monetary Union (Emu) makes it quite likely that Europe will have a single currency by 1999; but its convergence criteria make it still more likely that a two-speed Europe will result.

Since only the economically chaste will be allowed to join Emu, life before Emu for those now ineligible will be decidedly austere. Italy, in particular, will not merely have to make a swift move to fiscal chastity, but will have to undergo a period of repentance for past sins as well.

Yet there is little sign that Italy's politicians appreciate the sacrifices they will have to make if Italy is to meet the convergence criteria, every one of which it currently fails. The 1992 budget deal, for example, agreed before the statutory deadline for only the ninth time in the last 40 years, ensures that Italy will end 1992 even further away from meeting the fiscal convergence rules than at present.

The Emu treaty makes it possible to exclude any country with a national budget deficit that exceeds 3 per cent of gross domestic product, or an outstanding public debt that exceeds 60 per cent of GDP. But the proposed Italian budget implies a deficit of 10.5 per cent of GDP in 1992, while the primary deficit, excluding interest payments, which is set at 0.4 per cent of GDP in 1992, will raise the ratio of debt to GDP above its current 104 per cent. A primary surplus of 2.8 per cent of GDP is needed just to stabilise the debt ratio.

Over-optimistic

Even before it has been signed, and despite its evident inadequacy, the proposed budget already looks over-optimistic. It anticipates GDP growth of 2.3 per cent in 1992, for example, higher than the OECD's optimistic forecast of 2 per cent; it does not incorporate the higher cost of debt service imposed by the recent rise in interest rates, from 11.5 to 12 per cent; and it relies on further revenue from privatisation, if the politicians can agree on what to privatise, even though expected revenue from 1991 sales is only half in.

The election coming up this spring provides the politicians with a ready excuse. The necessary reform of the bloated pension system and cuts in state subsidies to industry would be highly unpopular. In addition, a sufficiently large primary budget surplus might be highly deflationary for the Italian economy.

Political cost

Yet every year is likely to be an election year in Italy: and the political cost of incurring the voters' wrath now may be small against those created by relegation to the European second division. Even so, a serious attempt to reduce the budget deficit would probably require constitutional reform to strengthen the government.

The text agreed in Maastricht could, in principle, permit Italy to dodge the fiscal criteria. The treaty provision on deficits can be over-ruled if the excess is "exceptional and temporary" while the debt ceiling only applies if "the ratio is not sufficiently diminishing ... at a satisfactory pace".

To allow Italy to enter Emu in anything like its present fallen state would make a mockery of guidelines whose entirely proper aim is to reduce the risk that one country's fiscal misbehaviour would impose higher than necessary interest rates on all participants in Emu.

Currently, the Italian government pays high interest rates on its domestic debt, to compensate investors for the risk that inflation will spirit it away. Notionally, the European Central Bank will be prevented from bailing out a defaulting government; but it cannot hope to make that commitment fully credible. The fear that the European central bank might bail out a potentially defaulting Italian government would introduce a general inflationary risk into Emu, resulting in higher interest rates for everyone.

The political difficulty of disciplining national members once the Emu club is operative makes it all the more important that those most likely to sin are prevented from joining. If that is what it takes to compel the Italian government towards fiscal self-discipline, the convergence criteria will have served Europe, and Italy, well.

See-through pay

SELF-PROMOTION is usually a suspect activity; but nobody is likely to oppose the recommendation from Pro Ned that top pay in all listed companies should be set by a named non-executive remuneration panel, although this body exists to promote the role of non-executive company directors. The practice is already widespread, but often falls short of the standards proposed in this report – a clear remit for the panel, and the publication of details and explanations of top pay well beyond the meagre requirements of British company law.

Transparency and demonstrable independence would help to defuse some of the public resentment which has recently flared up about top pay. Full disclosure of top pay and fringe benefits should be legally required, as disclosure of service contracts already is. But disclosure will do little good if what is disclosed is seen as greedy or unjust. For example, where pay is related to performance, it should, as it does not always, move down after bad years as well as up after good.

This would protect non-executives from "having to defend the indefensible", as Pro Ned rather self-regardingly demands. And it would avoid the real economic penalties of pay awards which tend to raise shop-floor wage pressure when the economy can least afford it, quite apart from getting privatisation, not to mention capitalism itself, a bad name.

Ports in disarray

THE SAGA of the trust ports has turned into one of the most bizarre in the short history of Britain's privatisation programme. What should have been a routine and uncontroversial sell-off has turned into an embarrassing debacle; and the government has only itself to blame.

The roots of the government's disarray lie in the ports' unusual status. Run by independent, self-governing local trusts set up under acts of parliament, they had no owner. This raised doubts about the government's right either to force their sale to the private sector or to take a share in the proceeds.

In legislating to overcome this problem, the government embarked on an unsatisfactory fudge at every juncture. Privatisation was to be voluntary, the government said; but it was to be compulsory for the 15 biggest ports. The trustees themselves were to choose how their ports were to be sold and to whom, but only subject to the government's approval. Management-employee buy-outs were deemed to be desirable, but only up to an ill-defined point. The proceeds of the sales were to go to the ports, but since that would mean anyone buying a port would get all their money back, the government decided to take 50 cent for itself.

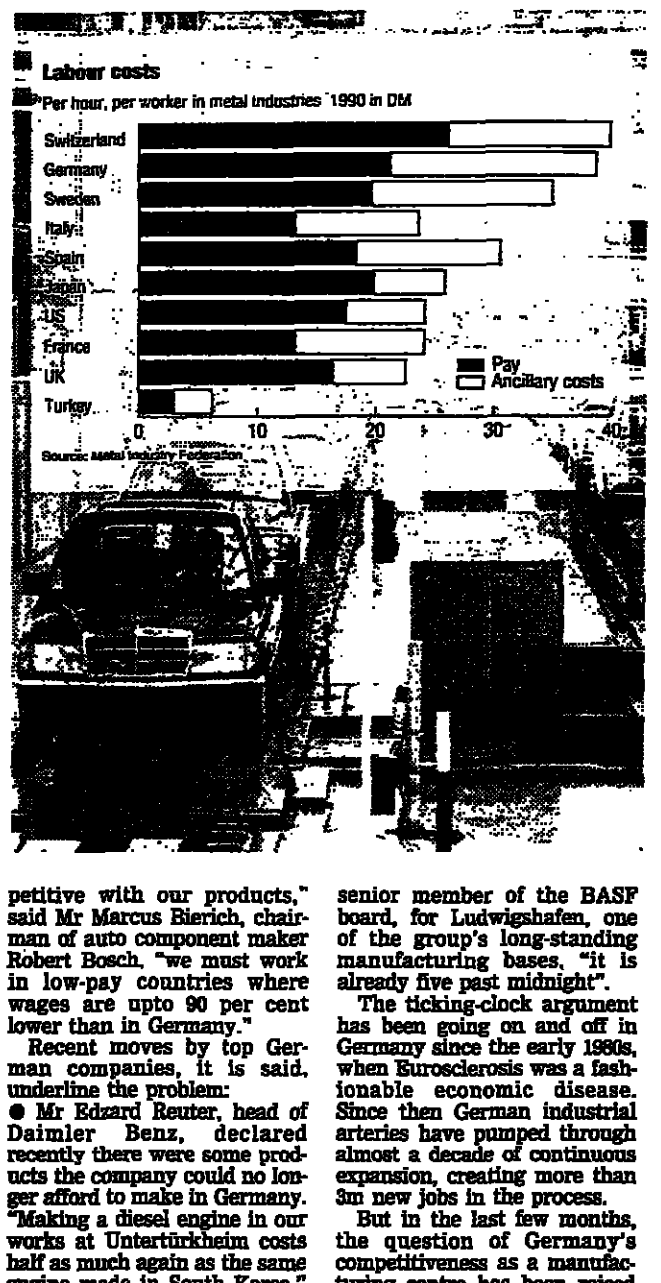
With the privatisation of the first trust port to come forward – Tees & Hartlepool – the chickens have come home to roost. The trustees' decision to award the port neither to the highest bidder nor the buy-out team has brought confusion, anger, and the threat of a judicial review from one of the losing bidders. The response of Mr Malcolm Rifkind, the transport secretary, has been to say that he is "minded" to accept the trustees' decision; meanwhile other ports have imposed an information black-out on the bidding procedure in an attempt to prevent similar embarrassments.

This is no way to privatise the ports. However well-intentioned the government's motives in seeking to involve local interests in the sales, the trustees have no experience in such matters and could conceivably be presented with conflicts of interest because of their local connections. The insertion of this unnecessary layer into the decision-making process has simply served to obfuscate it.

If the privatisation of the trust ports is to command public support, it must not only be fair, but be seen to be fair. Mr Rifkind should insist on a public auction of the trust ports, with the Department of Transport acting as referee. Any requirements as to employee ownership or the future development of the port could be made preconditions of the bid. Better a U-turn in favour of fair play now than more unseemly farragos such as the one over Tees & Hartlepool.

Christopher Parkes asks whether industry is moving out of Germany

Not so miraculous



In a land where people are reputed to have the best, longest and most expensive education in Europe, it is not unreasonable to expect them to be able to tell the time.

But the Germans are having problems. There are those who say it's five to midnight in midwinter, and unless someone does something soon, the country's economy will turn into a pumpkin. Then there are those who claim it's midday in midsummer ... and it looks as though it will turn out fine again tomorrow.

Over-dosing on education, it seems, can be a dangerous thing. So too, according to the doomsayers, can excessive health care, too much unspoilt countryside, early retirement, too many holidays and too much pay for too little work.

This is a theme that has been taken up lately almost with one voice by German industrialists. They argue, at length, loudly and persistently, that *Standort Deutschland* – Europe's prime industrial base – has lost its charm and risks losing its key role in manufacturing. Not only do foreign investors shun the place, but now German industry is moving away to escape the unwelcome consequences of the economic miracle.

The figures prove it, they claim. In 1990 German companies invested DM30bn (£10.50bn) overseas, while foreigners invested only DM3bn in Germany.

Outsiders readily cite a host of disincentives to investing in Germany. A report last year from the Japanese External Trade Organisation (Jetro) blamed high taxation, high pay, low flexibility in the workforce and over-generous social security as the main reasons against investment. It echoed precisely the complaints turned up in a poll a year earlier among members of the US Chamber of Commerce in Germany.

Industrial labour costs of DM39 an hour are the highest in the European Community. About 10 per cent of gross national product – almost DM5,000 a head – is spent yearly on health care, thus raising industry's ancillary labour costs. Environmental laws obliged the country's chemical industry to spend DM8bn last year – 60 per cent more than any of their competitors – on cleaning up their act. Total public expenditure on education, rising 8 per cent annually, is about DM100bn a year. A German works 500 hours a year less than a Japanese, and he takes all his generous holiday allowances. As Chancellor Helmut Kohl said the other day, the federal republic is becoming the holiday republic.

Working times, moving steadily down to 35 hours a week across industry, are another bone of contention. Working lives are abbreviated by late starts after university. A typical graduate takes his first job at 29, and at present, retires at around 62. Mr Peter Stihl, president of the national chamber of trade and industry (DIHT) encapsulates widespread concerns: "I have little faith in a country where it is considered revolutionary for shops to be allowed to stay open after 6.30."

Pay is an over-riding worry, and topical in the light of the current strife in wages negotiations. "If we want to stay competitive with our products," said Mr Marcus Bierich, chairman of auto component maker Robert Bosch, "we must work in low-pay countries where wages are upto 90 per cent lower than in Germany."

Recent moves by top German companies, it is said, underline the problem:

- Mr Edzard Reuter, head of Daimler Benz, declared recently there were some products the company could no longer afford to make in Germany. "Making a diesel engine in our works at Untertürkheim costs half as much again as the same engine made in South Korea," Mr Reuter said, stressing industry's complaints about high wages and ancillary social security and other costs, which amount to 46 per cent of the total labour bill. The Mercedes-Benz car subsidiary is reported to be considering building its first full-scale overseas car production works in Mexico.
- Bosch has shunted its manufacture of car loudspeakers to Mexico and Malaysia, shedding 1,500 German jobs.
- Siemens is exporting car wiring systems manufacture to Czechoslovakia and Turkey – along with an unspecified number of jobs.
- BASF is moving fertiliser production from the Rhine to Antwerp, and last year spent only half of its DM5bn investment budget at home. According to Mr Wolfgang Jentzsch, a senior member of the BASF board, for Ludwigshafen, one of the group's long-standing manufacturing bases, "it is already five past midnight".

The ticking-clock argument has been going on and off in Germany since the early 1980s, when Eurosclerosis was a fashionable economic disease. Since then German industrial arteries have pumped through almost a decade of continuous expansion, creating more than 3m new jobs in the process.

But in the last few months, the question of Germany's competitiveness as a manufacturing centre has been raised with renewed insistence. Indeed, it has taken on the air of a concerted public relations campaign, dressed up with apt one-off quotes from industry leaders, to attract public attention. Cynics say that this has more to do with events such as the unexpected burdening of Germany with 16m more people from the east, the wreckage of the DDR's economy and the resulting economic surge and slowdown in the west than with a sudden worsening of industry's cost base.

Mr Johann Eekhoff, state secretary in the economic ministry, the first notable to use the word "recession" in a speech late last year, takes the strain coolly, and industry's appeals with a pinch of salt. "Whenever Standort Deutschland comes up, you must always listen for the undertones," he says. He remembers the last alarm bells, when Japan was about to sweep in and trample all over European industry. There is always, he suggests, a hint of protectionism.

For Mr Eekhoff, the key to Germany's enduring attraction as an investment base is demonstrated in the country's ability to generate new jobs. "We created 800,000 last year. That cannot be a bad sign," he says.

There is, he points out, no real sign that domestic investment has run into the sand. After a 10 per cent surge in 1990 and a real 6 per cent increase in capital expenditure last year, spending on new plant and equipment at home even in these straitened times is expected to increase by a real 3 to 4 per cent in 1992. As the latest report from the Bundesbank said, "readiness to invest in the German economy continues unbroken". Recent forecasts also indicate that a further 250,000 new jobs will be created this year.

Increased overseas investment by German companies, says Mr Eekhoff, is a natural result of German wealth. The opening of opportunities in Czechoslovakia and Poland provides a chance for Germany to show itself as a "good neighbour". Coastal sites near developed ports make more natural bases for chemicals works than inland riverbanks. Aluminium factories would be better off in energy-rich Ukraine or Russia, Mr Eekhoff says.

The current round of 10 per cent pay claims, an echo of last year's wages boom when industry was prepared to pay any price to keep production going to feed demand in the east, may be hitting the headlines at the moment.

But it is no more important than the other issues being raised by industry, many of which were being addressed and dealt with long before the current debate began. Basic changes in health provisions, introduced in 1989, drove down government spending on health by 9.5 per cent in their first year. Wide ranging corporate tax reforms, although the first stage is stuck in the federal legislature's fraught approvals process, are on their way through. The national pensions programme has recently been adjusted to keep people at work for longer.

No one suggests that the process of adaptation to so many changed economic, political and geographic circumstances can be hurried. But Chancellor Kohl sent a clear message for the medium and long-term future last weekend and perhaps set the pattern for the future development of the Standort Deutschland debate. "We must rethink our priorities," he said. "We must examine what is absolutely essential now, what can be put off, and what we can do without."

Industry is already ahead of him. Given German car makers' losses of market share in the US, a Mercedes works next door in Mexico would seem to be an essential step to help Mr Reuter compete more effectively with the Japanese. And an expanding economy based on high-tech, high added-value engineering industries can, like the Japanese, probably do without relatively low-tech, low added-value businesses like fertilisers and loudspeakers.

BOOK REVIEW

Crimes of capitalism

BEAR HUNTING WITH THE POLITBURO
By A. Craig Copetas
Simon and Schuster, $21.95

Soviet capitalism – a coupling of two words that strikes us as incongruous – has in the first years of its more or less permitted existence been more revealing of the effects of communism than of the shape the market might take in the former USSR.

The principal effect has been that most businesses – except those few which, with western assistance, can work at the very top end of the market (in consulting, accountancy, investment banking) – must operate for much of the time as criminals. Supplies must be liberated from the state, or diverted from their planned destinations. Officials must be bribed. The nature of production or trade must often be concealed.

Add to that the tendencies to lie, cheat, overcharge, evade taxes and con customers natural to early commercial cultures, and add to that again a public largely hostile to trading and profit of any kind and long inured to cheap commodities, and you have the environment of a piranha fishtank.

This environment is a field replete with the ghostly echoes of a million unfulfilled promises, unfilled contracts and ventures that got no further than the brainstorming stage. A. Craig Copetas has written the best book that I have seen on this wasteland, although it has a few of the annoying mannerisms of American 1960s-1970s journalism of the Village Voice/Rolling Stone school, and is over-emphatic, even dogmatic, in its dismissal of any possibility that Sovietised business people might raise a capitalist culture – for all his experience, he cannot know that the current fumbling efforts will remain the rule.

But the great thing about Bear Hunting with the Politburo is the vigorous intelligence of a reporter who has dug deep into Soviet commercial life. Copetas, working for different US magazines and free of the crippling constraints of daily or newsweekly deadlines, was able to *see* what being a "co-operator" meant.

In one chapter, among his best, he describes the attempt of an Azerbaijani farmer named Hajibau to build a cooperative farm in an environment controlled by an overlapping series of Party, family and most of all corrupt institutions, which brook no challenge from those seeking to use the frail new laws to start their own businesses.

"Seventy per cent of Azerbaijani co-ops are run by criminals who bribe the state to stay in business or limit production to maintain shortages," explains Hajibau. "The communists first came back to me about my chickens. Hajibau had more chickens than the state [farm]. They did not like this. The criminals on the state farms sold the people eggs at five for one rouble; Hajibau sold them for 15 for one rouble.

"The communists said this was not good for them and told me to destroy my chickens. Hajibau said no. The communists said, give us more money. Hajibau said no. They came back and burned my chickens."

This story is a good antidote to *perestroika* – although, today, no one has to try very hard to convince a western audience that *perestroika* has not worked (this dulls its impact a little: Copetas's argument that the west should not delude itself about the real intentions of the Gorbachev regime assumes a level of gullibility now probably past).

Much of the book is devoted to Vladimir Yakovlev, the founder of the Fact co-operative, and now the founding editor of Commersant, a successful weekly newspaper that prints in Russian and English. Yakovlev was Copetas's main guide through the co-operators' inferno.

The picture he paints of Yakovlev, and of his and related ventures, is of a world where business ethics, even the most self-interested kind, do not exist. Copetas quotes an American, Lorrie Grimes, who had come to Moscow in 1988 to promote rock music and other ventures. She made a deal with Yakovlev, for which he demanded (and got) computers and other electronic equipment, and publicity in the US press. But he delivered almost nothing that he had agreed to. Says Grimes: "I realised Yakovlev was incapable of taking responsibility for his mistakes and was only interested in getting computers and press for himself. He was not interested in doing business at all. He never thought anything through to the end. If it created an interview or a computer, that was enough."

Here is a description of a "business" mentality which is not, in capitalist terms, rational. Modern capitalism demands both rational planning, codes of behaviour and service, and a public style which lays stress on reliability and honesty.

Can this miasma of dirty dealing ever be clean? Can those who come out of Orthodox and communist traditions, both of them hostile to capitalism, develop a business ethic? There is no reason, on the face of it, why not: many proper and successful capitalist companies have criminal great grandfathers – it is a pity that they did not have reporters like Copetas to preserve their contemporary records. His is the first Soviet business narrative: it sets a high benchmark.

John Lloyd

OBSERVER

Hack work for Hawke

■ White-collar unemployment can evidently cause quandaries even for ex-premiers.

Australia's Bob Hawke, in particular, is casting around for a renewed career following his December dumping by the Labor Party after more than eight years as prime minister. Unlike Malcolm Fraser and Gough Whitlam, he seems set on staying in the public eye.

One long-term possibility is becoming the first Australian premier to go on to be governor general. After all, he himself set the precedent for giving that post to a prominent politician by appointing his foreign minister Bill Hayden, instead of the more customary judge or diplomat.

In the meantime, however, Hawke is considering turning to hack-work as a television journalist. While intending to stay in parliament at least until next year's election, he is talking to tv networks about doing a series of interviews with present and past world leaders.

One obvious candidate is George Bush, who went out of his way to see his friend Bob when in Canberra last month. Another is Margaret Thatcher, whom Hawke respected although didn't like.

He apparently has no qualms about becoming a member of a profession he has frequently derided as incompetent, and with which he was increasingly at odds during his last days in office. Nor does he fear attracting one of the writs with which he liberally peppered the Australian media during his 30 years in public life.

Eastern star

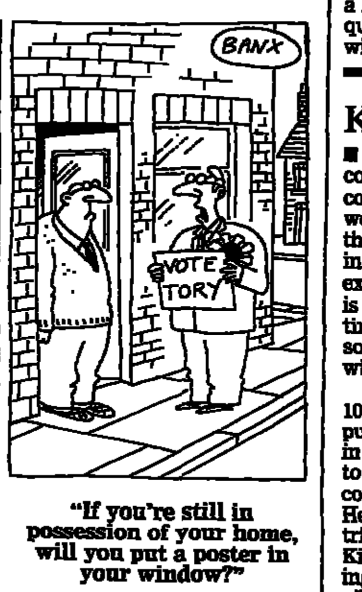
■ Given that Dixons is Sony's biggest UK retail customer and sources roughly two thirds of its merchandise from Japanese-owned companies, it ought to be in a pretty powerful position when negotiating with its suppliers.

However, it seems that simple buying power is not enough when dealing with Japan, so it has gone out and hired a well-connected Japanese businessman – 63-year-old Yasuo Ishizaka – to be non-executive chairman of its Japanese subsidiary.

Dixons' Mark Souhami hopes Harvard-educated Ishizaka, who spent 27 years with Mitsui & Co, will tell him "what the Japanese are thinking, as opposed to what they are saying". Maybe so, but the appointment might have carried more weight if Ishizaka had been put on Dixons' main board.

Switchback

■ A coda to last week's cautionary tale of Douglas Hawkins, the one-time James Capel electronics analyst who has spent the past four years "rationalising" Office & Electronic Machines. After a buffeting by the recession and other woes of the real world, he is hastening back to the familiar fold – slotting in as electronics and telecommunications analyst at Smith New Court. He concedes that his spell on the outside may make him "more sympathetic" to the kind of management foibles analysts generally gleefully swoop upon.



"If you're still in possession of your home, will you put a poster in your window?"

Ruding's exit

■ When it comes to near misses on the world finance jobs circuit, Onno Ruding's record is hard to match. He has been angling for a high international post since deciding not to seek a third term as Dutch finance minister in 1989.

Much to his chagrin, he lost out to Jacques Attali in the race to head the European Bank for Reconstruction and Development last year – a reminder of his failure to beat another Frenchman, Michel Camdessus, to the top job at the IMF in 1986.

The 52-year-old Dutchman is currently chairman of the Netherlands Christian Federation of Employers, a three-day-a-week post which leaves him plenty of time for non-executive directorships and advisory jobs at not only Citicorp but Philips, Unilever, Nationale-Nederlanden and the Robeco investment group. However, this clutch of assignments hardly adds up to the international job the lanky Ruding was looking for.

His failure to land top posts in international bodies (as opposed to private-sector institutions) may be partly due to inept lobbying by the Dutch government. He was a competent finance minister, and is probably best remembered for holding the line against increased public spending in the Netherlands between 1982 to 1987, in a bid to put the state's financial house in order.

But whether his type of financial rectitude is enough to turn the tide at Citicorp, where he is expected to take a leading role, is a different question. Observer can only wish him well.

Know-alls

■ *Besserwessi*, a jolly new compilation with unfortunate connotations, has been elected word of the year for 1991 by the German Language Society in Wiesbaden. A play on the expression for a know-all, it is used to sum up the irritatingly superior demeanour of some westerners coping badly with poorer eastern cousins.

Confronted with a list of 10,000 words and expressions purporting to encapsulate life in 1991, a learned jury chose to focus on the etymological consequences of unification. Hence it passed over day-to-day trivia like celebratory Mozart-Kitsch, even if it tarried admiringly over the "No blood for oil" slogan minted during the Gulf war protests.

Other contenders, including expressions such as The Wild East, the Wealth Wall and the newly-coined economic euphemism, Zero Short-time Working, also underscored the lingering contrasts between the two parts of the country.

Ausländerhass is another newcomer spotted by the jury. Spawned during this year's outbreak of xenophobic attacks in the streets, the expression, meaning hatred of foreigners, has largely replaced the older and less blunt phrase "animosity". This new coinage is expected to show staying power.

Out-spoken

■ "There but for the grace of God...," the recruiter thought as he looked at the application form. In the space marked "Reason for leaving last job", the applicant had written:

"I told the fools at all levels what a mess they were making of the business, and they chose to call me redundant."

Dragon looks for re-kindled fire

South Korea is seeking to regain its strength in export markets, writes **John Ridding**

"The Koreans are coming," warned the cover story of Business Week in December 1985, predicting the imminent arrival of a wave of Korean exports in western markets.

Come they did. The next three years saw one of the most dynamic export drives since 1945. Overseas sales of Korean goods, from cars to computers, doubled from \$30.28bn in 1985 to \$60.7bn in 1988. The world was braced for a second Japan.

But the second Japan did not arrive. Instead, in the new decade there was a sharp slowdown in export growth and a fall in exports to Japan and the US, Korea's most important markets. Last year, this trend continued. Exports to the US fell by about 7 per cent. Exports to Japan struggled to match levels achieved in 1990.

So was Korea's assault on western markets just a flash in the pan? Or is its export machine merely pausing for breath, rebuilding its competitiveness before another surge of dynamic export growth?

On both counts the answer is likely to be no. The expansion of the 1980s is unlikely to be repeated. Competition from lower-cost Asian rivals such as Malaysia, Thailand and China, combined with difficulties in upgrading the quality of its products, will constrain what was once the fiercest of Asia's "dragon" economies.

However, at the same time, Korea's retreat in international markets may also be nearing an end. The next few years should reverse the trend of declining competitiveness and lay the foundation for a more sustainable, if more moderate, export performance.

The difficulties which have stifled the roar of the Korean export dragon are easily explained. The introduction of democracy in 1987 heralded an explosion in manufacturing wages and a wave of industrial unrest as long-repressed workers demanded their share of Korea's economic miracle.

Combined with a steady appreciation of the exchange rate, which climbed from Won846 to the US dollar in 1987 to Won666 to the dollar in 1989, the result was a sudden loss of price competitiveness.

"Any one of these factors on their own would have been difficult to absorb," says Mr Suh Seng-Mok, one of the top economic policy-makers in the ruling Democratic Liberal party. "What really hurt was that these shocks came together."

If the causes were easy to identify, so were the solutions. Most important was the need to increase productivity through investment in automation and new capital equipment and to improve the quality and sophistication of Korea's export products. This would allow exporters to regain their price edge, keep a step ahead of new competitors from south-east Asia and to expand profit margins on their sales in overseas markets.

But these adjustments have proved difficult.

Part of the problem is that Korean industry has relatively little experience in product development and innovation. This is largely the result of the pattern of its industrialisation, which was achieved through the acquisition of foreign technology and which was started only after the end of the 1950-53 Korean war.

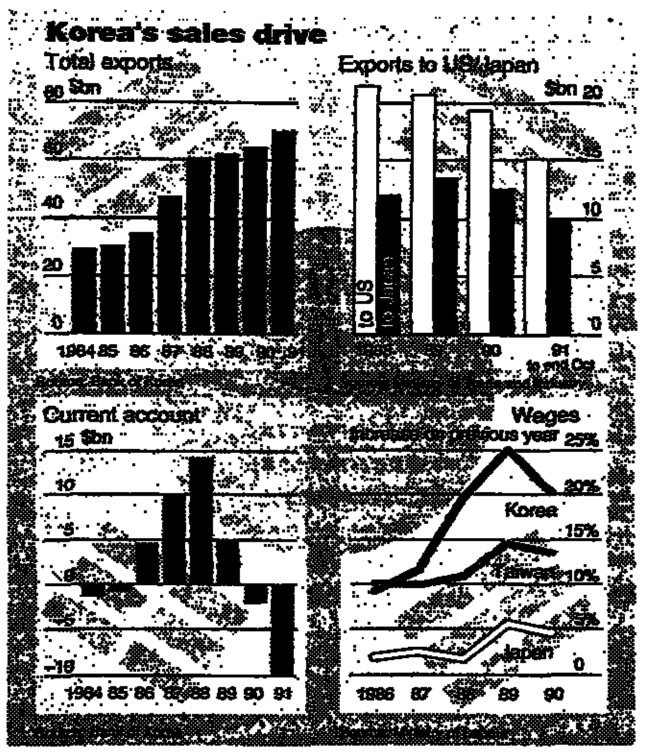
"Weakness in engineering sciences and their application is one of our biggest problems," says Mr Lee Dae Un, director of advanced engineering at Hyundai Motors, Korea's largest car manufacturer. "Just one generation ago Korea was an agricultural society."

Management attitudes have also been slow to change from the successful formula of the 1980s. In particular, the large conglomerates which dominate the economy have continued to pursue strategies of diversification and volume production as opposed to increased specialisation in specific industries.

"The top executives of the large business groups are basically merchants," argues one foreign businessmen in Seoul. "They built their empires through large-scale production of consumer items and then found markets for them. But that no longer works. They have to be more responsive to the customer and pay more attention to the engineering and design of their goods."

The problems involved in industrial restructuring are compounded by a scarcity of financial resources. Prime lending rates at Korea's commercial banks are fixed at 12.5 per cent. But these loans are restricted, forcing companies to unofficial "kerb" markets where interest rates are as high as 20 per cent.

Yet the worst may now be over. The cost rises of the late 1980s are gradually being absorbed, while there are signs that the declining competitiveness of Korean products is also being reversed.



"We are at a juncture where things are beginning to look up," says Mr Kim Chul Su, president of Kotra, a government agency which promotes exports. His optimism is supported by some hopeful trends:

- Productivity increases have caught up with pay increases. The Economic Planning Board, the most powerful economics ministry, estimates that last year, for the first time since 1986, productivity increases outpaced earnings growth.

The rate of wage increases, which saw the average manufacturing worker double his earnings between the end of 1986 and the end of 1990, have started to fall.

- There has been a marked improvement in industrial relations. The number of strikes, which disrupted production so severely between 1987 and 1989, has fallen sharply. Last year, there were fewer than 240 strikes, a sharp decline from the 1,610 in 1989.
- The exchange rate has been depreciating. From a peak of about Won666 to the US dollar in 1989, the Korean currency has fallen to about 760 to the dollar. With an expanding trade deficit, which exceeded \$10bn last year, further weakening is expected.
- Industrialists and business leaders say they are starting to see a recovery in motivation on the factory floor. "After the introduction of democracy in 1987, our work ethic disappeared," says Mr Kim Chong In, chief presidential economic secretary. "But now people are beginning to realise the necessity of re-establishing their working morality."

These factors will help sharpen Korea's competitiveness, giving exporters, sandwiched between lower-cost south-east Asian rivals and high-quality Japanese producers, more room for manoeuvre.

Several Korean companies have also responded to the challenge of upgrading production. Samsung Electronics has invested heavily in research and development and is now the equal of the Japanese market leaders in the production of D-RAM semiconductors, essential components for most electronic products.

Hyundai Motors, previously dependent on Mitsubishi of Japan for key components, last year started to fit its cars with its own-designed engines. A comparison of the Elantra, the stylish new addition to the Hyundai range, and the humble Pony Excel, which launched the company's export drive in 1986, demonstrates the improvement in quality.

Samsung Electronics and Hyundai Motors are exceptional cases. But improvement is beginning to emerge more broadly. "After a slow start, there is a mania for developing technology and developing strategic alliances with foreign firms," says Mr Han Duck Soo, director-general for industrial policy at the ministry of trade and industry.

Mr Han concedes that such adjustments will take time. "The restructuring of Korean industry and a greater capability in technological-intensive sectors cannot be achieved overnight," he says. Fortunately for Korean industry, some time is available.

Korean manufacturers are being given a breathing space by a strong domestic market and by the emergence of new markets overseas. Expansion in Korea's exports to eastern Europe, China and south-east Asia has eased the pain suffered in the US and Japan, and accounted for last year's rise of 10 per cent in total exports.

These new markets do not represent an alternative to Japan and the US. They have limited purchasing power and are showing signs of slowing demand. But they do give Korea some leeway as it adjusts to its new role as a higher-cost manufacturer.

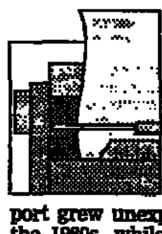
The consensus among government officials, economists from the ruling party and from the Federation of Korean Industries, the powerful interest group which represents the country's large conglomerates, is that this adjustment will take between two and three years. By then, they predict, export growth will stabilise at annual increases of 10-15 per cent, and the current account will return to balance.

Such figures would be welcomed by most of the world's economic ministries, and they are likely to prove more sustainable for Korea's exporters. But after the heady expansion of the 1980s they will represent a mellowing of east Asia's meanest export machine.

PERSONAL VIEW

A fairer way to fund public transport

By David Sawers



The financing of British public transport is in a mess. More investment is desirable because demand for public transport grew unexpectedly fast in the 1980s, while projects such as the Channel Tunnel and the redevelopment of London's docklands will give rise to even more demand. But these projects have failed to attract significant private funds as the government had hoped; at the same time the government's desire to control public expenditure has limited the amount of public capital that it is prepared to invest.

Many believe that public expenditure on transport should be increased. The Labour party has proposed that public corporations should be able to borrow directly from the private sector. But there must always be some limit on public expenditure; merely changing the method of borrowing does not alter its economic consequences. The real requirement is to make the investment more profitable, and the way to do so is to collect more payments from those who benefit.

The paradox of investment in public transport is that it can create substantial benefits, especially around cities, yet produces low financial returns because the operator cannot charge many of the beneficiaries of its investment. The users of new or improved services can be made to contribute to the cost in fares, but they cannot be made to pay all the costs of a new underground line, for example. The cost of construction is so high that profit may be unattainable. But the other beneficiaries, the landlords and developers who own property in the area served by the the service, can rarely be made to pay anything for their gains.

These gains are represented by increases in the value of property from improved access, or decreases in value avoided by preventing deterioration in access. Property owners in cities have for decades been subsidised by the private and public sector financiers of transport systems, who have made possible the expansion of city-centre activities but have not profited from their pains.

Where a large new development is undertaken, such as that at Canary Wharf in London's docklands, specific improvements in transport will be essential to the commercial success of the project. One or a few developers can then be identified as the beneficiaries from the improved transport, and they can then be expected to pay for their gains.

The government has recently attempted to apply this principle by seeking contributions from developers towards the cost of extending London Transport's railway system into docklands, but the amounts collected have been small. The extension of the Jubilee line is expected to increase the rents achievable at Olympia and York's Canary Wharf development; but Olympia and York and British Gas – which owns land that the extension will serve – have contributed only 17 per cent of its cost. Olympia and York has also contributed about 40 per cent of the £110m spent on improving the Docklands Light Railway, which will be the only railway serving Canary Wharf when it is completed.

Substantial contributions can only be obtained if negotiations start before either the developer or the transport authority have committed themselves to any expenditure. If the developer is to be expected to pay much, he must understand that the improvements will not be made without his support; and if he is to pay for them, he needs to know what they will cost when forecasting his profits. Once a commitment has been given to build a new line, little can be collected from developers along its route.

Improving the sources of finance for general investment in urban public transport depends on some means of collecting the smaller benefits which each landlord receives from the existence of such a system, and from any subsequent improvements. These small benefits cannot easily be identified or collected from landlords. A tax paid by landlords therefore seems the most suitable method of appropriating a share in these benefits for the operator of the transport system.

Such a property tax would be a supplement to the business rate, but paid by the holder of the head lease or the freehold of each property. The size of this charge should be determined locally, not nationally, because its level would represent a choice between burdens on local travellers and burdens on local landlords, which would best be decided by the representatives they elect.

Increased property values in a city created by improvements in local transport are likely to reflect transfers of business to that city from other parts of the country, rather than any increase in the national level of output.

These benefits are therefore more appropriately financed by local than national taxation. If national taxes are used to support transport in cities, funds will be transferred from the poorer to the richer districts and individuals in the country, and to companies which – outside the present slump – have been among the more profitable.

The proposed method of financing public transport would ensure that it was paid for by those who benefited from it. Such a system would be efficient as well as equitable; the beneficiaries could influence the level of expenditure through their payments and their elected representatives. Transport operators would invest if their expected revenue from fares, the property tax and any direct payments from developers would make the investment profitable. Developers would only launch big projects if they would be profitable after contributing to the cost of the transport they would need.

The author is an economics consultant

LETTERS

No problem

From Mr Giovanni Grego.

Sir, Observer ("Spring fever", January 8) quotes disparagingly the French definition of sexual harassment. It seems, however, that the French know more about female psychology than Observer does. Why should there be any problem for the victim in telling a "hierarchical equal or inferior" (forcefully) to lay off? The French state secretary for women's rights is correct in assuming that the victim is only a victim when the harasser is her senior.

Giovanni Grego,
Via Luigi Masi 1,
Rome

Quintessential nature of Hong Kong governor's office overlooked

From Sir William Harding.

Sir, Your leader-writer ("HK governor", January 9) is jumping the gun. When he prescribes that the successor to Sir David (now Lord) Wilson will need to be "not only an effective representative of departing Britain, but also alert to the needs of Hong Kong people ... a politically adept, sensitive, robust and open chief executive", he is describing the sorely-tried incumbent himself to a T. But when he adds that the next governor should not be a symbol of the Raj, he is surely overlooking the quintessential nature of the office recognised alike by Her Majesty's government, the Chinese Peoples' government and the people of Hong Kong themselves which must needs continue right up to the 1997 handover to Peking. Or are we to interpret him as advocating by implication a headlong rush to autochthonous democracy in Hong Kong, in which case why does he not say so openly? Whatever the sequel to the present regime – and none of the candidates so far canvassed appears to offer the desirable combination of personal qualities, professional expertise and political *nous* – long before 1997 the cry will surely go up in Hong Kong: "Come back Wilson, all is forgiven!"

William Harding,
11 Shelley Court,
Tite Street, London SW3

No politics in union backing

From Mr Ron Todd.

Sir, In your report on the conclusion of the industrial tribunal hearing of the case of shop stewards unfairly dismissed by the Port of London Authority in 1989 ("TGWU £1.5m to fight dockers' case", December 24) you accurately draw attention to the support given by the TGWU to its members in this case, regardless of the great financial costs incurred. In giving this support the union was clearly discharging its obligations to its members. We do not put a price on securing justice.

I must, however, take serious exception to your concluding paragraph, which asserts that such support "has a political dimension" and implies that I gave it, as general secretary of the TGWU, because I was in turn supported by "mainly left-wing dockers".

This is a slur on myself and the union. All members, irrespective of their political views (or any other opinions), have exactly the same right to support from their union when it is needed. Any shop steward or other members victimised by their employer in this outrageous way will receive the unqualified backing of the TGWU in whatever way is necessary to secure justice. Politics does not enter into it, and the implication that I am more supportive of those who allegedly support me than those who do not is grossly inaccurate and unworthy of the Financial Times.

Ron Todd,
general secretary,
Transport and General Workers Union,
Transport House,
Smith Square,
London SW1P 3JB

RSPB executive's case for Fisons finding solution on peat bogs

From Ms Barbara Young.

Sir, Fisons' director, Mr D R Peters, (Letters, January 9) describes the company's peat extraction operation as "an environmental issue of small commercial significance". But since peat extraction has brought Fisons into direct conflict with Britain's leading environmental organisations, one might well ask why it is still being continued.

The destruction of peat bogs may be of small significance to Fisons, but many are sites of prime nature conservation importance, which can suffer irreplaceable damage through large scale industrial peat extraction. Peat is not a sustainable resource when mined wholesale from bogs, and companies operating within Sites of Special Scientific Interest (SSSIs) must recognise their wider responsibilities.

Attempts to resolve this conflict require an imaginative and flexible approach. Some companies have seen the economic sense in developing alternatives to peat. Retailers, such as B & Q, now offer alternatives while refusing to stock peat mined from SSSIs.

It would seem to be in Fisons' best interests to reach a solution which does not damage the remaining peat bogs and secures a wider share of the peat alternatives market and its shareholders should urge it to do so,

Barbara Young,
chief executive,
Royal Society for the Protection of Birds,
The Lodge,
Sandy, Bedfordshire

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Too sanguine a view on past recovery and current prospects

From Mr John Muellbauer.

Sir, Samuel Brittan (Economic Viewpoint, January 9) is too sanguine in drawing parallels between the 1981-88 recovery in the UK economy and current prospects. he argues that the 1981-88 recovery took place despite rising real interest rates, and hence we should not worry overly about high and rising real interest rates in 1991-92. However, he neglects to notice two important factors fuelling the 1981-88 recovery, apart from falling nominal interest rates from late 1981, which were *negative* pertents.

First, in 1981-83, sterling fell at the same time as inflation, so that our international competitiveness recovered from the absurdly damaging levels of 1980-81. In contrast, since mid-1990, our international competitiveness has deteriorated sharply, although it has now stabilised. Second, 1981-83 saw dramatic financial deregulation. Hire purchase controls disappeared. The clearing banks marched into mortgage markets, more than doubling their lending volume in 1981 to over 20 per cent of the building societies' level, and to over 35 per cent in 1982.

By contrast, since the 1989 peak of financial liberality, the Building Society Commission has tightened prudential controls, the asset position of lenders has deteriorated sharply, and bitter lessons of the consequences of poor screening of credit risks have been learned. Financial liberality is now in partial withdrawal from the excesses of the late 1980s.

Finally, debt-to-income ratios are higher than they were in 1981, though backed by higher asset-to-income ratios. As most econometric models underestimate the role of debt, there must be caution about more optimistic forecasts for 1992.

Without endorsing the Liverpool position, I stick to the analysis in my piece on productivity and competitiveness in the Autumn issue of the Oxford Review of Economic Policy: a modest exchange rate adjustment in the context of a wider EMS realignment would carry little inflationary risk, provided domestic disinflationary policies remained in place. Since our competitiveness against dollar and yen currency areas is in even worse shape than against Europe, the only hope is for a spontaneous rise in the dollar and yen. This is likely to occur later in 1992, but the position now is grim.

John Muellbauer,
Nuffield College,
Oxford OX1 1NF

FINANCIAL TIMES
Tuesday January 14 1992

The Pentagon loses its best weapon

US defence chiefs can no longer cash in on the Soviet threat, writes George Graham

THE defence budget has always been the biggest piggy bank in town for US politicians in search of funding for their favourite projects.

The collapse of the Soviet threat has now removed the Pentagon's strongest protection, at a time when politicians are hungrier than ever for money to pump into the recession-weakened economy.

In less than a month, President George Bush will announce his budget proposal for 1993, which is expected to include cuts of up to $50bn over the next five years.

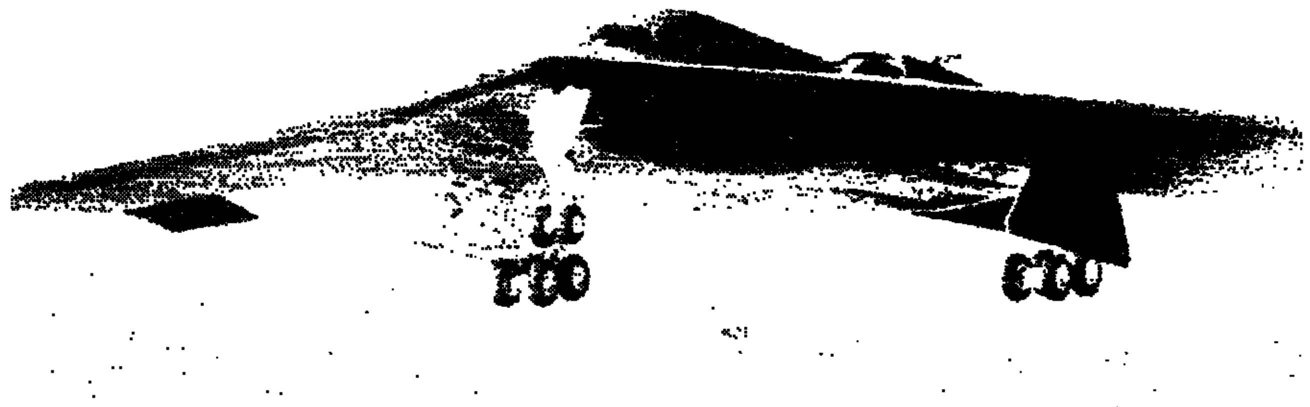
From Democratic senator Edward Kennedy of Massachusetts on the left to Republican senator Phil Gramm of Texas on the right, congressmen of every political hue have announced their own suggestions for defence cuts.

Far-reaching shifts in the US military posture have often been impelled by late-night wranglings over the annual defence authorisation bill. Key weapons systems have lived or died by the clout of the senators in whose home states they are manufactured.

This time, budget negotiations will be an even more crucial force, at a time when US defence policy is undergoing its most profound revision since the end of the Second World War.

After the Berlin Wall fell, Mr Bush announced a plan to restructure US military forces on August 2, 1990, the day that Iraq invaded Kuwait.

The policy he and defence secretary Richard Cheney laid out then and in a subsequent five-year defence plan entailed cutting the US force structure by 25 per cent over five years. The new minimum level was dubbed the Base Force: 12 active Army divisions in 1995, 50 per cent less than in 1990; 15 active Air Force tactical fighter wings, instead of 24; and 12 Navy carrier battle groups, instead of 14.



Northrop's B-2 stealth bomber: Congress is unlikely to sanction more than the 15 aircraft already under construction

The Gulf crisis tempered some of the enthusiasm for defence cuts. It also strengthened those who believed that the collapsing Warsaw Pact threat meant the US should rethink defence policy more radically, and that future emergencies would be more likely to come from another Saddam Hussein than from the Soviet Union.

General Colin Powell, chairman of the Joint Chiefs of Staff, says that the Base Force already represents just such a rethink.

"For the first time in my memory in the Pentagon we haven't just said: 'Here's our wish list. We know we can't afford it. You all up there in political land, figure it out for us.' We have taken a hard look at our worldwide requirements, the new geopolitical situation; we've designed a force that we think is responsive to that," he told Congress in September.

But Congressman Les Aspin, chairman of the House of Representatives Armed Services Committee, calls the Base Force "essentially less of the same – that is a downsized force largely shaped by Cold War priorities".

In a paper on national security policy delivered to the Atlantic Council this week, he said: "The new American force must be created from the bottom up, not just by subtracting 25 or 30 or 50 per cent from the Cold War structure."

Congressman Aspin also takes issue with General Powell's contention that the Base Force is an irreducible minimum, and some defence analysts have proposed a much slimmer force structure.

Professor William Kaufmann and Mr John Steinbruner, of Washington's Brookings Institution, suggest a force with only seven active Army divisions and six carrier battle groups could meet the test of another Desert Storm. It would, however, hedge much less than the Base Force against other simultaneous contingencies.

But the debate over future threats rages mainly in academic circles; the force driving US defence planners is the need to slice still more money from 1993's defence budget, which was already intended to drop by 4 per cent in real terms.

The lower troop levels already proposed by Mr Cheney will yield substantial savings but only slowly. Personnel costs made up more than half of 1992's $291bn defence budget. Accelerating the cuts in troop levels would entail politically unpalatable layoffs for many of the heroes of Desert Storm.

Mr Bush has already announced cuts in the US's nuclear arsenal, and much deeper cuts are expected as a result of the break-up of the Soviet Union. Immediate savings, however, are likely to be small because of the cost of disabling warheads.

Budget cutters are more likely to set their sights on some of the costly weapons systems.

Some may be killed outright, such as the B2 stealth bomber and Seawolf submarine programmes. The Pentagon is reported to be planning severe cuts in both. It is unlikely to go nearly far enough to meet Congress's appetite for killing these two systems, viewed by critics as classic Cold War weapons.

Other programmes may be delayed, spread out or reduced, although this can entail higher unit costs. In 1991, when the Pentagon ordered 108 F16s, they cost $19m apiece; in 1992, when it will get 48, they will cost $24m each; in 1993, it wants 24 at $34m each.

The thirst for money to fund an economic growth package is so great that, in the end, the need for an immediate peace dividend seems likely to win. Congressman Aspin faces defeat in his call for a more considered revision of the threats which the US may face in the future, and the military options it may need to deal with them.

Congress brings stealth bomber into its sights

THE Pentagon's $104bn budget for research, development and procurement of equipment in 1992 includes a number of programmes which are prime targets for the budget axe.

● Northrop's B-2 stealth bomber. The administration had originally planned to order seven more B-2s in 1993 at a cost of $660m apiece, building its fleet up to 75 by 1998. It is now expected to halve this goal. But Congress had already effectively killed the B-2 programme in the current year's budget authorisation. It is unlikely to relent now, so the Air Force may have to make do with the 15 aircraft which are already under construction.

● The Seawolf SSN-21 nuclear attack submarine built by Electric Boat. Mr Cheney is reported to have ordered the Navy to slash its plans for the $2bn submarine. It had already scaled them down last year to a target of one a year up to 1997 or 1998. Seawolf only survived then because of frantic lobbying by the Senators for Connecticut, in whose state it is built. This year, Congress is likely to kill it altogether, and tell the Navy to wait for the cheaper next generation Centurion submarine.

● The anti-missile Strategic Defence Initiative. The version embraced by the Bush administration has been dubbed Global Protection Against Limited Strikes. It would provide more protection against an accidental launch from the former Soviet Union or against a rogue attack from one of the emerging nuclear countries than against the all-out Soviet attack envisioned by Reagan's more ambitious "Star Wars" programme.It is still hotly opposed by many in Congress.

● The Advanced Tactical Fighter (ATF). The ATF, under development by two competing teams of Northrop/McDonnell Douglas and Lockheed/General Dynamics/Boeing, is designed to replace the F-15 Eagle and F-16 Falcon fighters. At an estimated $73m, it will be costly to replace the entire fighter fleet. Without Soviet competition, the urgency of an upgraded US fighter is less apparent.

● McDonnell Douglas's C17 transport aircraft. While improved airlift capability is generally viewed as a priority for the new US force structure, the C17, now forecast at $35bn for 120 aircraft, is running over budget and behind schedule. Some analysts recommend delaying production of the C17, instead extending the life of the C141 or reopening the C5 production line.

Pressure on Russian leader

Continued from Page 1

Mr Svyatoslav Feodorov, the eye surgeon, and formerly a candidate for the post.

Mr Alexei Trepekhalin, an aide to Mr Khasbulatov, said last night that: "The chairman has no intention of becoming prime minister, and will stay as chairman." However, his defection to the ranks of the government's critics means that two highly placed critics – he and Mr Alexander Rutskoi, the vice-president, – are in open revolt against the government.

The high prices are also stimulating calls for the government's resignation in Ukraine – while in Kazakhstan, Mr Nursultan Nazarbayev, the president, blamed the Russian government for forcing the pace on other republics in the face of their pleas to delay the measure for six months.

● Mr Yeltsin may find it difficult to enter St Petersburg's city hall this week if cab drivers carry out a threat to surround the building with thousands of taxis to protest against rising fares. Reuter adds from Moscow.

Local journalists said about 1,000 taxi drivers had already arrived in the city to demand that authorities bring down fares by tomorrow when Mr Yeltsin is due to meet Mayor Sobchak at the city hall.

The drivers said a total of 7,000 taxis would surround the building at the heart of St Petersburg if their demands were not met.

Taxi fares went up 10 times at the start of the year as part of Mr Yeltsin's plans to introduce a free market economy, but the drivers complain that the new fares are scaring away passengers.

Yeltsin may see Major before talks

By Alison Smith and Ivo Dawnay in London

MR JOHN MAJOR,the UK prime minister, has invited President Boris Yeltsin to London on his way to a United Nations Security Council summit in New York, now confirmed for the end of this month.

In the short visit, which has yet to be finalised, the two leaders will discuss a range of issues, including the application by Russia for full membership of the International Monetary Fund and the World Bank.

The news of the invitation was seen by London as highlighting the UK prime minister's role on the world stage in the run-up to the election, particularly as it coincided with Tory demands for greater clarity in the opposition Labour party's defence policy.

Mr Gerald Kaufman, Labour's foreign affairs spokesman, accused the government of "looking for a photo-opportunity not an agenda".

Speaking in Downing Street after a meeting with Mr Boutros Boutros Ghali, who took over as UN secretary-general at the beginning of this month, Mr Major said the meeting, on January 31, would be both the first occasion for Mr Yeltsin to attend the Security Council as Russian president, and an early opportunity for Security Council members to discuss a range of matters with the new secretary-general.

It will also enable Security Council members to discuss with Mr Yeltsin concerns about the effective control of the former Soviet Union's nuclear weapons following the country's dissolution into independent republics.

There are particular worries that the smaller independent former Soviet republics might sell off some of their nuclear weapons and technology to foreign buyers.

Mr Major singled out as other key subjects for discussion the enhancement of the UN's role as a "peacemaker, peacekeeper and settler of disputes" in regional conflicts; and the "very great importance the UN generally gives to good government and human rights". As the UK took over the rotating presidency of the Security Council at the start of the month, Mr Major will chair the extraordinary general meeting.

Mr Major himself said yesterday that he did not claim credit for the idea of the meeting, which came from President Mitterrand of France some months ago, but that he was confident that it was "an idea whose time has come".

His remarks came after both Mr Chris Patten, the Tory party chairman, and Mr Tom King, the defence secretary, renewed their demands for Labour to "come clean" on its defence policy.

Underlining that the opposition had failed to produce a document on defence despite more than 70 policy launches in the past two years, Mr Patten said Labour's position was merely "to sit on the fence and say as little as possible".

But Mr Kaufman countered by charging the government with calling a "stunt debate" for electoral purposes while ignoring the key issues.

German steel industry faces strike

By Christopher Parkes in Bonn

THE first strike in the German steel industry for more than 10 years loomed closer yesterday after pay talks broke off.

An increased management offer, and a conciliatory proposal from union negotiators failed to break the impasse in the eighth bout of negotiations.

As the wages commission of IG Metall, the country's biggest union, gathered later to plan strike action, the leader of the DGB trade union federation declared that the Bonn coalition and employers were "back on the old confrontation course" with the unions.

The roots of the current strife lie in union claims that wage earners have been obliged to pay more than their fair share of the costs of unification.

Although they were assured by Chancellor Helmut Kohl that there would be no tax increases following unification in October 1990, they have since been burdened with a two-year 7.5 per cent income tax surcharge to pay for community works in the east.

Cigarettes, heating fuel and petrol have also been laden with extra duties to raise funds for the five new states. Unions also claim that while company profits have boomed thanks to increased sales to the former DDR, their real earning power has been eroded.

The gap between employers and steel unions has, however, closed markedly, with management offering a phased deal worth 5.2 per cent, and the unions dropping their 10.5 per cent demand to a package worth "just over 6 per cent".

Both sides seem increasingly anxious to avoid a strike. Steel companies are concerned that confrontation now with the country's 135,000 steel workers might lead to greater conflicts later with the 4m engineering industry workers who have yet to put in their 1992 pay claim.

Steel industry employees are also under psychological pressure from the likelihood of job losses later this year as rationalisation in the industry progresses.

Thyssen, the biggest steel maker in the country, is reviewing its production, while Krupp and Hoesch, two leading manufacturers are in the process of merging.

Even so, the structure of the three-stage IG Metall proposal, ending with a 6.7 per cent increase for the last four months of the one-year deal, was unacceptable to employers.

IG Metall's wages commission was expected to declare the negotiations with management formally at an end and call a strike ballot.

The first union claims for increases of around 10 per cent ran into early opposition when they were put in late last year.

Resistance has hardened since Christmas as economists have steadily downgraded their forecasts for west German economic growth this year.

The government, which shortly will publish a situation report showing that growth in the west could be as low as 1 per cent, lately has piled on the pressure for restraint.

Industry on the move, Page 16

THE LEX COLUMN

Mirror Group's latest issue

Pearson's decision not to bid for Mirror Group is discouraging for MGN shareholders but not fatal. It is now clear that £400m of pension fund assets are missing, plus £100m of cash: and £500m was MGN's market value at the time of its suspension. But it does not follow that MGN is worthless. Suppose, on a worst conceivable case, that the full £500m were irrecoverable and had to be replaced immediately. That would give rise to an interest bill of perhaps £55m a year. Since last year MGN made some £84m before tax, the remaining £29m would have a market value of £170m, assuming the same multiple as before.

The reality would be less depressing. The pension fund was £150m in surplus, so the true deficit is only £250m. It is scarcely conceivable that the actuary to the scheme would require all of this to be made good in year one. Granted, a return even to normal funding would knock some £18m a year off MGN's profits, and there would be a further interest bill of £11m to replace the missing £100m in cash. But there seems little doubt that MGN is a viable business as it stands, particularly since the banks which own the majority of its shares have no obvious incentive to pull the plug.

For minority shareholders, the position remains unsatisfactory. Precisely because MGN is healthy, its disposals likely to be a low priority for the administrator. In the meantime, there seems no reason why the shares should not be traded again. The market may have no idea of the group's true liabilities, but neither has anyone else.

Japan

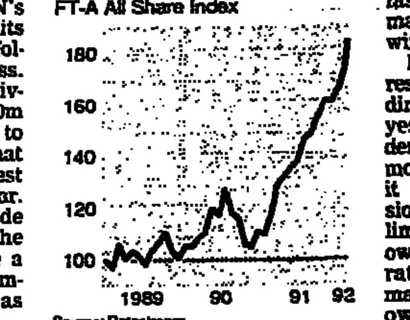
Foreign buyers who pumped a net Y112bn into Japanese equities last month must be feeling frustrated. Once again, the Nikkei index was hovering yesterday uncomfortably close to the levels which pose capital adequacy problems for the banks. Nor is there any particular reason why it should recover in the short term, now that the market seems to have decided to ignore last month's interest rate cut. Corporate profits have fallen further than expected, and there is again a hint of political scandal. Retail buyers are disillusioned. The tokkin funds, through which companies invest surplus cash, are due to become net sellers as they stock up liquidity before the end of the financial year. Futures arbitrage activity could also put pressure on physical equities.

Yet this is the fifth time since last August that the index has slid to the mid-21,000 range. That suggests a fairly solid floor around these levels. Admittedly the index could fall steeply were it to break out of this range, possibly returning to the lows around 20,000 seen in October 1990. But the weakness should not last, both because equities would then be cheap in absolute terms and because institutional investors would come under pressure to prevent a banking crisis by supporting the market. The downside risk is thus limited. Even if there is no solid rally till the new financial year begins in April, foreign investors might recall that the chances of currency gain look to be greater now than later in the year.

FT-SE Index: 2,490.1 (+12.2)

Tomkins

Share price relative to the FT-A All Share Index



Source: Datastream

Tomkins

The 10 per cent increase in Tomkins' interim earnings was impressive enough to raise the question of whether the merits of contra-cyclical conglomerates have been underestimated. Given that Tomkins' shares have outperformed the market by 45 per cent over the last 18 months, the answer might seem in the negative. The slightly less fashionable Williams Holdings also recently joined the FT-SE, so conglomerates are scarcely under-represented.

All the same, veterans like Hanson and BTR have had a harder time. It is instructive to go back 10 years and discover that their shares did even better in recession than Tomkins has managed this time around. Over a similar 18-month period from the start of 1980, Hanson and BTR both outperformed the market by 70 per cent. Hanson in particular really took off after that, so Tomkins is perhaps taking a view on the spirit of the 1990s in allying itself more to BTR as an asset manager. In addition, BTR won its battle for Hawker Siddeley last year, whereas Hanson managed only an agreed deal with Beazer.

If Tomkins had treated its restructuring costs as extraordinary in the traditional way, yesterday's 15 per cent dividend increase would have been more in line with earnings. As it is, it reinforces the impression that the group is finally limbering up for a UK bid of its own, possibly using its highly-rated paper. While Tomkins' managers are still buying their own shares, investors will doubtless choose to hang on for a while yet.

Aerospatiale

Mme Cresson is doubtless still smarting from Brussels' decision to veto the Franco-Italian takeover of de Havilland. But she has obviously not forgotten that Sir Leon Brittan also gave his blessing to Credit Lyonnais' participation in Usinor Sacilor, and is expected to approve BNP's FFr1.25bn capital injection for Air France. It is only natural to assume that yesterday's confirmation of talks between Aerospatiale and an unidentified French bank is the prelude to a similarly controversial deal.

With state owned engine-maker Snecma also renewing a request for outside funds, pressures on the *économie mixte* look to be intensifying. In the Snecma case private or foreign shareholders have not been ruled out. In the state-owned insurance sector, rules restricting private shareholders to 25 per cent have recently been relaxed. But as with airlines and steel, the solution for the aerospace and defence seems likely to involve an equity link to a state-owned bank.

There are plenty of reasons why Aerospatiale requires fresh funds at this stage: the impact of French defence cuts, the cash requirements of its helicopter, regional aircraft and Airbus joint ventures, and the proposed development of the A319 airliner. Given its pivotal position in European alliances - and the speedier reaction this side of the Atlantic to changed military circumstances - there may also be a commercial case for making such an investment. The question is whether its new state-inspired partner will be able to arrive at commercially sensible terms.

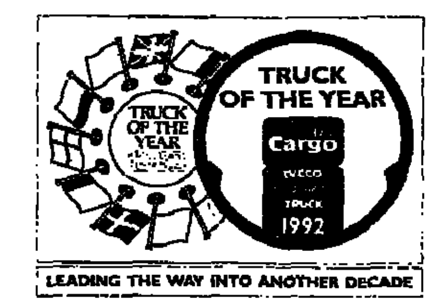
WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Berlin	C	0	32	Caracas	F	27	81	Faro	C	14	57	Islamabad	F	15	59
Algiers	S	16	60	Biarritz	S	9	48	Casablanca	C	18	64	Florence	S	12	54	Istanbul	F	6	43
Amsterdam	C	7	45	Bombay	S	30	86	Chicago	R	3	37	Frankfurt	C	3	37	Jakarta	R	30	86
Athens	S	16	60	Bordeaux	S	5	41	Cologne	C	3	37	Geneva	C	1	34	Jersey	F	7	45
Bahrain	S	14	57	Boulogne	C	5	41	Copenhagen	C	2	36	Gibraltar	F	15	59	Johannesburg	S	27	81
Bangkok	F	31	88	Brussels	C	3	37	Corfu	S	15	59	Glasgow	C	7	45	Lima	F	27	81
Barcelona	S	12	54	Budapest	S	4	39	Dallas	R	9	48	Helsinki	S	-6	21	Lisbon	R	6	43
Beirut		–	–	Buenos Aires	F	27	80	Dublin	S	6	43	Hong Kong	S	20	68	London	F	6	43
Belfast	C	5	41	Cairo	C	17	63	Dubrovnik		–	–	Innsbruck	F	1	34	Los Angeles	S	8	46
Belgrade		–	–	Cape Town	F	23	73	Edinburgh	S	6	43	Inverness	S	8	46	Luxembourg	C	2	36

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	17	63	Milan	C	1	34	Nicosia	F	16	61	Salzburg	C	3	37	Tenerife	S	21	70
Madrid	S	5	41	Montreal	Sn	-10	14	Oporto	S	8	46	San Francisco	S	4	39	Tokyo	S	13	55
Majorca	S	13	55	Moscow	C	-11	12	Oslo	S	0	32	Seoul	S	3	37	Toronto	Dr	2	36
Malaga	F	14	57	Munich	C	1	34	Paris	C	3	37	Singapore	F	30	86	Tunis	S	15	59
Malta	S	17	63	Nairobi		–	–	Peking	S	1	34	Stockholm	F	-1	30	Valencia	F	10	50
Manchester	C	5	41	Naples	F	12	54	Prague	S	1	34	Strasbourg	C	3	37	Venice	Fg	2	36
Manila	F	29	84	Nassau	F	24	75	Reykjavik	R	7	45	Sydney	S	26	79	Vienna	F	3	37
Melbourne	S	23	73	New Delhi	S	15	59	Rhodes	F	15	59	Taipei	C	19	66	Warsaw	C	0	32
Mexico City	F	22	71	New York	C	6	43	Rio de Janeiro	C	35	95	Tangier	F	15	59	Washington	C	7	45
Miami	S	21	70	Nice	S	13	55	Rome	S	13	55	Tel Aviv	F	14	57	Zurich	C	1	34

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1992
Tuesday January 14 1992



INSIDE

Ellis & Everard in first fall for 10 years

Ellis & Everard, the UK chemicals distribution company, yesterday reported its first profits decline in 10 years, with the interim return down 29 per cent to £7.5m ($13.42m). Mr Peter Wood, managing director, warned that conditions continued to be difficult in the second half and said it was likely that the group would report lower profits for the full year. "We assume that the underlying level of demand will remain depressed for the remainder of the financial year," he said. Page 26

Europe out in front

Continental Europe outperformed the rest of the world last week, according to the FT-Actuaries Indices, as investors piled into equities in anticipation of falling interest rates later in the year. Such moves may be premature. Back Page

Omanis look to wider horizons

Oman's fisherman are casting their eyes — and nets — a little further afield. For decades they have practised their trade on the narrow strip of inshore water off the Omani coast and this concentration in inshore waters has led to over-fishing. Now they are venturing into the fertile continental shelf which offers plenty of high-quality king-fish, tuna and Spanish mackerel. But this expansion has meant changes to the Omani fishing industry as it comes to terms with regulation and modernisation. Page 28

Deregulation boosts efficiency

Financial deregulation has forced Japanese banks to increase efficiency, but the results of liberalisation have been partly obscured by "excessive" expansion during the speculative era of the late 1980s, according to a Bank of Japan report. Page 21

German group slashes staff

Restructuring at Matushka Group will leave the German independent financial services group with less than a quarter of the 468 employees it had at its peak two years ago. Shareholders and partners in the group are today debating plans to sell businesses apart from venture capital and corporate finance. Page 25

Citic increases its stake

Citic Pacific, the Hong Kong-listed arm of Beijing's China International Trust and Investment Corporation, plans to pay HK$3bn (US$400m) to take full control of Hang Chong Investment, a large Hong Kong trading and property company in which it already owns 36 per cent. Page 21

Builders angry with Euro Disney

Euro Disney, the US-owned theme park, faces a claim for FFr850m ($157m) in allegedly unpaid accounts from 16 disgruntled French building contractors. The group, due to open its 5,000 acres resort east of Paris on April 12, emphasised that it expects to settle nearly all the claims amicably. However, the row is unwelcome publicity so soon before the opening. Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Aachen	808	+	18	AGF	488	+	13
Gerresheimer	415	+	9	**Falls**			
Hochtief	1105	+	28	Chargeurs	980	−	33
Kaufhof	466.5	+	12.5	EBF	725	−	29
Rheinmetall	245	+	8	Lafarge	318.1	−	23
Springer	488	+	8	Legris	411	−	34
NEW YORK ($)				Orsan	183	−	17
Rises				**TOKYO (Yen)**			
Chevron	68⅛	+	1⅞	**Falls**			
Citicorp	12	+	1½	Daito Wool	1980	−	300
Enzo Biochem	5¾	+	2½	Godo Shusei	2230	−	340
Texaco	58⅛	+	1⅝	Nihon Nohyaku	1330	−	150
Falls				Japan Casting	425	−	48
Corning	58⅞	−	10⅝	Konami	3110	−	280
MCI Comms	31⅞	−	2¾	Shimura Kako	1380	−	250
LONDON (Pence)							
Rises				Bolton Group	42	−	5
[illegible]	740	+	30	Era Group	25	−	3
Inchcape	414	+	10	Greycoat	60	−	5
Ipeco Hldgs	79	+	4	Hammerson A	450	−	14
Midland Bank	213	+	5	Jacques Vert	116	−	77
Rolls-Royce	137	+	5	Lonrho	184	−	12
Sherwood Comp	143	+	8	Wembley	37	−	2
Thornton (GW)	205	+	65	Wescol	18	−	2
Falls				Wood (JD)	35	−	5
Amber Day	92	−	15				
[illegible] Group	66	−	8				

Citicorp changes top management

By Alan Friedman in New York

CITICORP, the biggest US bank that has been struggling to contain losses and cut costs, has replaced the head of its corporate lending and investment banking division and recruited as a vice-chairman Mr H. Onno Ruding, a former Dutch finance minister, as part of a shake-up of senior management.

Mr John Reed, Citicorp chairman, yesterday briefed his top managers on the management changes, which he said were aimed at simplifying the bank's management structure.

Mr Reed, who was sharply criticised on Wall Street after announcing an $885m loss in the third quarter and the halting of dividend payments, yesterday said he expected continuing high loan write-offs for the fourth quarter of 1991.

He said the bank would return to profit by the end of 1992 and that its cost-cutting programme was beginning to result in improved margins, which for 1991 would be $5.8bn, up by 20 per cent on 1990.

Mr Reed said that after taking around $650m of fourth-quarter commercial loan write-offs and write-downs and a $200m increase of loan loss provisions, the bank would report a $125m to $150m fourth-quarter loss. This would translate into a loss of $450m to $475m for the whole of 1991.

The management changes include the resignation of Mr Michael Callen, head of Citicorp's corporate and investment banking business in Japan, Europe and North America.

Mr Callen, whose division presided over mounting property loan losses over the past 18 months, is the second member of Mr Reed's inner circle to leave Citicorp. Last June saw the departure of Mr Lawrence Small, a vice-chairman who had primary responsibility for corporate banking between 1985 and 1990.

It is understood that Mr Callen agreed to leave after Mr Reed told him his job was being eliminated as part of the shake-up.

The 52-year-old Mr Ruding, whose appointment will be officially announced on January 21, will take over Mr Callen's responsibilities for corporate business as a Citicorp vice-chairman. He is also expected to be named to the Citicorp board.

Mr Ruding, presently chairman of The Netherlands Christian Federation of Employers, chaired a key policy committee of the International Monetary Fund (IMF) while finance minister of The Netherlands between 1982 and 1989.

He will be part of a top management team that includes Mr Reed, who has taken a direct role in monitoring property; Mr Richard Braddock, the Citicorp president who will have broader responsibilities; Mr William Rhodes, the vice-chairman in charge of property and Third World debt; Mr Paul Collins, a vice-chairman in charge of administration; and Mr Pei-yuan Chia, head of consumer banking.

● The sales force at MI Group, the UK life assurance and pensions group, has formed itself into a company which will sell policies exclusively for Citibank Life Assurance, adds Norma Cohen, Investments Correspondent.

Mr Simon Ingram, chief executive of MI Group, has formed a company to be known as City Financial Partners Ltd which will include an estimated 700 of MI's 800-strong sales force and administrative staff. The new company is expected to receive regulatory approval by late January.

Mr Ingram said the CFPL intends to continue the practice of cold-calling prospective clients to sell Citibank policies – a sales tactic which earned MI much adverse publicity. However, he said only 5 per cent of policyholders are contacted through cold calling.

Citibank's UK life assurance operations, purchased from British National Life Insurance in 1986, are minimal, with only £100m ($179m) under management. A spokesman for Citibank said the new link will double the number of tied agents used by the company. The spokesman added that the US-based bank is not troubled by MI Group's reputation for a hard-sell approach to life assurance. He said: "If MI Group were out there operating then Lautro [the UK regulator] must have been satisfied they were complying with the law."

MI's existing 150,000 policy holders – with roughly £500m under management – will continue to have their investments managed by the company. Mr David Young, secretary of MI Group, said the company had decided to abandon its direct sales force because "expenses do not keep up with premium income".

US bank extends merger provision

By Alan Friedman in New York

BANK of America yesterday revised sharply upwards – from $4bn to $7bn – the size of divestitures it plans to make in connection with its merger with Security Pacific, the troubled Los Angeles bank.

Mr Dick Rosenberg, chairman of Bank of America, had said in the past that problem loans and other assets would be placed in a $4bn "bad bank" that would be separated from the merged bank and assigned to Bank of America shareholders as a distinct entity.

Estimates of this "bad bank" were contained in merger filings with the Federal Reserve that have been revised in a new filing to about $7bn.

The Bank of America yesterday said the increase from $4bn to $7bn reflects revisions it has made in its plans to divest branches and deposits in certain markets in which Bank of America and Security Pacific currently compete. Divestitures are planned in Arizona, California, Nevada, Oregon and Washington.

The revised plan would not affect the term of the $4.2bn merger, the largest in US banking history.

Analysts speculated that the increase in the size of the "bad bank" also reflected the deterioration of Security Pacific's balance sheet, and possibly Bank of America's as well, in light of the worsening recession in California. Mr George Salem, of Prudential Bache, said the $7bn figure showed that Bank of America's original $4bn assessment was "too optimistic".

In earlier filings Bank of America has said it expects it will take a $250m restructuring charge in connection with the merger as well as setting up a $900m reserve for merger-related purposes.

The merger with Security Pacific, which is scheduled to be completed by the end of next month, will create the largest commercial bank on the West Coast and the second biggest in the US after Citicorp, with $180bn of total assets and a network, before divestitures, of 2,400 branches.

● Chase Manhattan, the New York money-centre bank, yesterday unveiled fourth-quarter net income of $135m against $193m last year when it benefited from a $51m after-tax gain from the sale of real estate. The results underlined Chase's efforts to cut costs and the improved spreads US banks have been enjoying between the cost of borrowing and lending money.

Groupe Bull sets up $1.1bn deal to refinance debts

By Richard Waters in London

GROUPE BULL, the loss-making French computer maker, yesterday completed a $1.1bn refinancing, representing the bulk of the group's debts.

The state-controlled group's problems, the deteriorating market conditions for information technology companies generally, and the tightening of conditions in the international loans market have helped to push the margin on the public, syndicated part of the refinancing to 70 basis points (0.7 per cent) over the London inter-bank offered rate. This is considered high for a three-year facility.

The company ~~said this margin~~ was lower than those paid on the two largest facilities it was refinancing, accounting for a total of $835m lent to two US subsidiaries. However, given that the new loans are to the group parent, and so considered more secure, the overall bankers' terms were worse than before.

The refinancing, which is thought to cover all loans falling due during 1992, is planned to help the group complete a restructuring programme announced last year.

Yesterday, Mr Francis Lorentz, chairman, said 1991 operating losses were likely to be about half the total for the previous year. Groupe Bull's total pre-tax loss for 1990 reached more than FFr6bn ($1.1bn), after it had narrowly failed to break even in the previous year.

About $850m of the finance announced yesterday is being provided by a syndicate of 26 international banks, arranged by Banque Nationale de Paris, J.P. Morgan, Société Générale and National Westminster.

Most are believed to be banks already owed money by the group, reflecting the reluctance of new lenders to extend credit to the troubled computer maker.

The remainder is being provided by one-to-one deals with major lenders. Bull said these were Commerzbank, Manufacturers Hanover, Tokai Bank and Barclays. The syndicated portion of the deal, which has taken about four weeks to complete, was scaled up from $700m.

The new syndicated loan, made to the group parent, replaces facilities extended previously to subsidiaries around the world.

No additional comfort has been extended to banks to support the refinancing, except the standard covenant from the French government undertaking to maintain its ownership of the group. In the event of a privatisation, this would give the banks an option to call in their loans.

The refinancing accounts for the bulk of Bull's FFr11bn debts at the end of 1991.

Ashley Ashwood

Tight-lipped: Kevin Maxwell arrives at the House of Commons yesterday

Maxwells refuse to give evidence

By Bronwen Maddox in London

MR KEVIN MAXWELL and Mr Ian Maxwell yesterday refused to answer the questions of a British parliamentary select committee or to produce documents concerning the disappearance of hundreds of millions of pounds of pension fund money from their late father's business empire.

In a packed Grand Committee Room in Westminster Hall, Mr George Carman QC, Mr Kevin Maxwell's lawyer, said: "It is plain and clear and respectful but unambiguous that Kevin Maxwell is not going to answer any questions."

The refusal marks a head-on constitutional clash with parliament's authority. The brothers had "a precious constitutional right and an historic one" to remain silent, to prevent them from incriminating themselves in any future criminal charges from the Serious Fraud Office's five investigations into the Maxwell empire, their lawyers argued.

Mr Carman added "in my judgment criminal charges are likely, and they are likely soon". He and Mr John Jarvis QC, for Mr Ian Maxwell, said that the Maxwells vigorously denied any wrongdoing.

Gesturing at the banks of television cameras circling the hall, the QCs said that the committee threatened to become a "trial by television, not to be tolerated in a civilised society" which could prejudice potential jurors in future cases.

Mr David Shaw, Conservative MP and member of the committee, said "they're trying to block us at the first hurdle, but we don't stop there". The brothers risk being held in contempt of parliament, a charge comparable with contempt of court. The committee meets in private later this week to consider precedents "right back to Cromwell" – the ultimate sanctions could be imprisonment in the Victoria Tower of the Palace of Westminster, or sequestration of assets.

During the hearing the only words spoken by the brothers were their names – to introduce themselves for the record – and to say three times, barely audibly: "I will answer only through my counsel."

MGN sale delay, Page 20

Tomkins rises 40% on growth of US sales

By Jane Fuller in London

GROWING sales of bicycles, baths and handguns in the US and tight cash control on both sides of the Atlantic helped Tomkins, the UK industrial conglomerate, to increase pre-tax profits by 40 per cent to £43.7m ($78.5m) in the six months to November 2.

The conglomerate's figures, which included a 52 per cent rise in turnover to £594.5m (compared with £390.7m), were driven up with the help of a 26-week contribution from Philips Industries, the US industrial group acquired in August 1990, compared with 10 weeks in the first half of last year. As Philips was bought for $550m, funded by a 3-for-4 rights issue, the US share of Tomkins's trading profit has gone up to two thirds.

Philips is now in a division called Tomkins Industries, which more than trebled trading profit to £17.6m from £5.2m on sales of £288.9m up from £95.7m. Philips's head office costs were halved and nine factories closed but Mr Gregory Hutchings, chief executive, said no costs arising from this action had been taken as extraordinary or exceptional charges. "Reorganisation is part of our business," he said.

He named several ex-Philips subsidiaries, including Lasco Bathware and Lasco Panels, as star performers alongside the bicycles and lawnmowers sold by Murray Ohio, but some UK activities suffered.

The group had £70m in the bank and Mr Hutchings said he would prefer the next acquisition to be in the UK. He was cool on the idea of expanding in continental Europe because of "getting companies to operate properly", referring to labour laws and language barriers.

Group trading profit rose 41 per cent to £37m, while interest received advanced to £4.15m from £2.63m. The £70m cash compared with £45m at the start of the year. Mr Ian Duncan, finance director, said the growth in interest income came in spite of rates falling from 15 per cent to between 10 per cent and 12 per cent. The group tends to borrow in the US and deposit in the UK to exploit differing rates. "This time last year the gap was 4 per cent, now it's 2 per cent," said Mr Duncan, stressing that at least half the interest income came from "money in the bank".

Growth in fully-diluted earnings per share was limited to 9.7 per cent, making 9.01p up from 8.21p, because of the equity issued for the Philips deal. The interim dividend was raised 15 per cent from 2.8p to 3.22p.

Only the two divisions dominated by US companies made progress. After Tomkins Industries, the next best performance came from professional, garden and leisure products. Trading profit rose to £7.5m from £6.6m on sales of £176.5m, up from £156.8m.

Murray Ohio increased its sales of bicycles and demand for lawnmowers remained firm. Exports of Smith & Wesson revolvers reached record levels and domestic sales also grew.

In the services to industry division, good performances in the distribution of valves and vehicle components were more than offset by depressed demand for fasteners. Trading profit slipped to £4.8m from £5.3m on sales of £59m, down from £62.1m.

Fluid controls fell back from £5.7m to £4.1m on sales of £39.3m, down from £45.7m, affected by the slump in UK construction, while industrial products declined to £3m from £3.4m.

Mr Duncan said that where turnover had fallen, the cash position had been improved by cutting stocks and debtors. The interest income generated in the UK had been more than the net figure of £4.15m, while the former Philips group had incurred an interest charge.

Lex, Page 18

Tony Andrews

Gregory Hutchings: "reorganisation is part of the business"

INTERNATIONAL COMPANIES AND FINANCE

Sale of MGN could take 'months if not years'

By Robert Peston and Raymond Snoddy in London

THE disposal of Mirror Group Newspapers could take "months if not years", according to a financial consultant with a close knowledge of the sale process.

Accountants Arthur Andersen, which are acting as administrators to the Maxwell private companies under UK insolvency legislation, are still "at the development stage in formulating a sales strategy," he added.

Mr John Talbot, a partner of Andersen in charge of the administration, is understood to believe that there is no pressing need for an early sale.

"MGN is a much more robust business than other assets of the private companies", said the consultant. "So the priority is to sell these other assets first."

A further contributor to a delay in the sale is the difficulty in drafting a reliable balance sheet for MGN, following the withdrawal of assets from its accounts and from its pension funds' accounts by the late Mr Robert Maxwell.

The Maxwell private companies own 51 per cent of MGN, though these are controlled by a handful of banks, which were given the shares as collateral against loans they made to the private companies. So Andersen will need to get the banks' approval for a sale timetable.

National Westminster Bank, the big UK bank, controls 131.4m MGN shares. Its UK rivals, Midland and Lloyds, speak for 40m and 7m respectively. Goldman Sachs, the US investment bank, controls a further 40m.

"We were hoping for a quick sale", said a banker. Any delay in the sale is immensely costly for the banks, for two reasons:

- Their capital is tied up in loans to the private companies which are not paying any interest.
- The banks are forced by regulators to make big provisions – a charge against their profits – to cover the risk of loss on the loans.

Béghin-Say buys spices supplier

By Haig Simonian

BEGHIN-SAY, the French sugar and foods concern controlled by Italy's Ferruzzi group, has bought Ducros, the family-owned French foods group specialising in spices, condiments and infusions.

Ducros, which had sales of FFr1.6bn ($290m) in 1990, is Europe's leading supplier of spices. The company is the market leader in France, Italy, Spain and Portugal, while having significant market shares in other parts of Europe and in Africa, according to Ferruzzi.

A price for the deal, in which Béghin-Say was advised by Colker, Gelardin, a new private investment bank, has not been disclosed.

Ferruzzi is preparing a complex merger between Béghin-Say and Eridania, which is still subject to separate court-approved valuations in France and Italy and has yet to be approved by shareholders.

The purchase of Ducros will increase Eridania-Béghin-Say's coverage of the European foods business, where the group already has a commanding position in the market for sugar and edible oils.

Following the acquisition, Béghin-Say's turnover is set to rise to over FFr8bn. Meanwhile, the deal offers Ducros access to the Ferruzzi group's financial resources in order to stimulate further growth.

Ducros offers complementary technological expertise to Béghin-Say.

Ferruzzi, which is in the process of divesting a number of activities, has identified the agro-industrial business, grouped under its Eridania subsidiary, as one of its core businesses.

"The group sees value in further acquisitions on a case by case basis," said one banker closely involved in the latest deal.

Finns in talks over Tampella purchase

A GROUP of five leading Finnish industrial companies is in talks which may lead to the purchase of forest industry and engineering company Tampella, Reuter reports from Helsinki.

The five companies are Ahlstrom, Enso-Gutzeit, Valmet, Outokumpu and Repola, according to Mr Krister Ahlstrom, Ahlstrom chairman

"We are very early in negotiations. We can't be more specific," he said.

Mr Heikki Hakala, Repola executive vice-president, said: "It is very difficult for me to comment . . . I know that there are some discussions but I don't know more."

Valmet, Outokumpu and Enso declined to comment and there was no immediate comment from Tampella.

Tampella was formerly about 60 per cent owned by SkopBank, the Finnish savings bank of which the Bank of Finland took administrative control in September.

The central bank set up a series of holding companies to remove risks from SkopBank's balance sheet. One holding company, Solidium, acquired 66.1 per cent of Tampella. The five companies had been in talks with Solidium, according to Mr Ahlstrom.

He said one of the problems to be discussed is Tampella's debt. SkopBank last month said it had foregone claims on Tampella of about FMk1.5bn ($350m). Tampella said Solidium would buy loans to Tampella from SKOPBank of FMk3.25bn. Solidium turned FMk530m of this into new Tampella capital.

Euro Disney faces claim for unpaid accounts

By William Dawkins in Paris

EURO DISNEY, the US theme park operator, was yesterday facing a claim for FFr850m ($157.4m) in allegedly unpaid accounts from 16 disgruntled French building contractors.

The group, due to open its 5,000-acre leisure complex east of Paris on April 12, emphasised that it expects to settle practically all the claims amicably.

It stressed that negotiations of this kind are not surprising in a project of this size – the largest of its type in Europe – which is estimated to have swallowed FFr35bn by the time a second theme park is open on the site in 1995-1996.

A Euro Disney spokesman said the claims were "outrageous and exaggerated" and deplored the threats by the contractors to try to stop the opening of the park. The row is unwelcome publicity so soon before the opening. Euro Disney's share price slipped FFr2.20 to FFr146.30.

The French building contractors, a small minority of the 700 companies working on the site, have formed an action group to present their demands, but they have not yet resorted to joint legal action. The companies leading the group, which also represents 300 sub-contractors, are Chagnaud, CGCE, Torno and Gabo.

Euro Disney said it was reaching the final stages of the first phase of the project, including handing over and inspection of the works, in which it and the contractors were drawing up accounts for any extra sums to be paid to contractors for modifications during the contracts.

- Nestlé, the Swiss food giant, confirmed that it had wanted to bid for Source Perrier, the French mineral water leader, but was thwarted by Italy's Agnelli family, Reuter reports.

"I can confirm we had the intention of making an offer for Perrier," a Nestlé spokesman said. However, the hold the Agnelli family had built up over Perrier now made it "impossible for that intention to be realised".

Pirelli raises interest in Continental

By Haig Simonian in Milan

PIRELLI, the financially-strapped Italian tyres and cables group, now holds shares and options for around 39 per cent of the capital of Continental, the German tyres concern it tried to buy last year.

In a letter to shareholders sent ahead of a meeting to be held on January 20 to approve a L515.6bn rights issue, the company reveals it has spent over L127bn ($106m) to buy options on 32 per cent of Continental's shares.

The shares, pulled together by Mediobanca, the Milan merchant bank which is Pirelli's main adviser, stem from the holdings owned by Pirelli's allies in the attempted takeover.

Pirelli has also negotiated an option to buy the 2 per cent Continental stake held by Fiat, which was not believed to have been directly involved in the takeover attempt. A further 5 per cent of Continental's stock is owned by Pirelli Tyre Holdings (PTH), the group's Netherlands-based subsidiary.

Pirelli's poor financial health makes any resumption of the Continental bid highly unlikely in the short term. However, the options will give Pirelli much greater flexibility over the timing of any sale of its Continental stock, or even of a renewed bid.

Under the terms arranged with Mediobanca, Pirelli has paid a premium of DM60 ($37.90) a share for the option to acquire, in whole or in fractions, the Continental shares at any time over the next five years.

Together, capital losses on PTH's own Continental shares, legal costs and acquisition of the options account for around L340bn of Pirelli's estimated L590bn loss for 1991. A further L240bn stems from restructuring costs in the tyres and cables divisions, while operating losses account for L110bn.

Pirelli is taking a number of initiatives to shore up its finances, which have suffered from over-ambitious expansion as well as the Continental bid. Apart from the rights issue, L1,500bn will be raised from loans arranged by Mediobanca and Credito Italiano. A further L1,000bn should accrue from the sale of Pirelli's diversified products division.

Diversified products is the third of Pirelli's operating divisions, with 1991 sales of around L1,700bn. It includes activities in industrial and automotive components, shoes and clothing.

Pirelli expects the disposals, which will be of the seven independent business units forming the division, rather than individual companies, should be completed within the next 19 months. Ironically, Continental, which, like Pirelli, is active in industrial and vehicle components, has already expressed interest in some of the businesses for sale.

Shares in Pirelli SpA, the most widely traded of the group's quoted operations, fell slightly to L1,045 in Milan yesterday. With new shares in Pirelli's one-for-two rights issue being priced at L1,600 each, some analysts doubt the issue will be well received by private investors.

However, Société Internationale Pirelli, the Swiss-based company which owns a majority of the shares, will be taking up its full quota, while the rest will be underwritten by a Mediobanca-led consortium.

Hersant takes Czech paper stake

By Ariane Genillard in Prague

HERSANT, which owns the Paris-based daily Le Figaro, France Soir and 27 other smaller newspapers in France, has paid $22m to buy 46 per cent of Mlada Fronta Dnes, the best-selling daily in Czechoslovakia.

Selling 400,000 copies a day, the daily became a private company owned by the employees in August 1990. Already known as relatively progressive before the revolution, it has gained support for its objective and wide-ranging coverage.

Hersant already has a stake in the largest daily in Poland, Rezeszpospolita, and in seven other provincial dailies. In Hungary, its owns 49 per cent of Magyar Nemzet, the second largest daily and oldest in the country.

In Czechoslovakia, the French group beat competitors from Italy, the US and Germany, including the powerful Algemeine Zeitung press group.

Last year, a smaller media joint venture was forged when Eurexpansion, a holding company which includes the Groupe Expansion of France, and Business Week and Dow Jones of the US, bought 45 per cent of Hospodarske Noviny, the most influential economic daily in the country which sells 140,000 copies per issue.

The Swiss media group Ringier, based in Lausanne, has also acquired a stake in a newspaper in the northern Bohemian town of Ostrava and has created an economic weekly called Cesky Profit.

German companies, dominating foreign investment in the country, have been less successful in striking significant joint ventures in the press.

VW-Skoda venture group in CP launch

By Ariane Genillard

CREDITANSTALT, Austria's biggest bank, is broadening its involvement in Czechoslovakia with the launch of a commercial paper market in Skoda-Volkswagen debt.

The discount paper, worth Kcs320m ($12m), was issued by Skoda Automobila, the joint venture forged between Volkswagen of Germany and Skoda, the Czech car manufacturer, earlier last year. They were issued for a period of six months with an annualised yield of 14.3 per cent.

Mr Peter Schupp, risk manager at Volkswagen, said that the issue was a pilot launch and could lead to further local financing.

Creditanstalt-SP Securities, a 60 per cent-owned subsidiary of Creditanstalt, placed the securities privately. The largest buyers were domestic institutions and banks, said Mr Nigel Williams, the manager of the Prague-based company.

"Local investors have been happy to buy the paper because they offer greater liquidity and certainty of payment. In a country where a bank transfer can take up to three weeks, surety of payment is worth a lot," he said.

"This form of borrowing will especially be available for the 20 or so internationally-known names which have invested or are intending to invest in Czechoslovakia," he added.

The company successfully placed a first tranche of Kcs200m-worth of six-month paper for Pilsner Breweries of northern Bohemia last year.

Incentive to sell cutlery unit

By Robert Taylor in Stockholm

INCENTIVE, the Swedish industrial and investment group dominated by the Wallenberg family, is to sell its Gense silver and stainless steel cutlery division to the Dutch company Corpeq.

The move is another stage in Incentive's strategy to concentrate its industrial activities in the engineering sector.

Gense remains Scandinavia's largest and one of Europe's leading makers of silver and metal-based serving materials with annual sales of around SKr260m ($45m).

Corpeq is a diverse industrial group that also makes building materials, consumer products and hospital equipment, with annual sales of Fl 260m and around 1,200 employees. Gense will become part of its cutlery and stainless steel serving materials division which is the market leader in the Netherlands under the Van Kempen and Begeer name.

Incentive was separated from the Swedish engineering company Asea early in 1991 and floated on the Stockholm bourse last July. In the restructuring of the company, up to seven segments of the old Incentive, accounting for around a quarter of its profits, are to be divested.

INTERNATIONAL COMPANIES AND FINANCE

Chase Manhattan results up to market estimates

By Martin Dickson in New York

CHASE Manhattan, the New York money-centre bank, yesterday reported fourth-quarter net income of $135m, down from $198m last year when its figures were flattered by a $51m after-tax gain from the sale of overseas real estate.

The results, which were broadly in line with market expectations, underlined the efforts Chase has been making to cut its costs and the improved spreads US banks have been enjoying between the cost of borrowing and lending money.

However, the figures also point up the continuing impact on bank profits of the American property market slump.

Chase's net interest revenue during the fourth quarter rose from $839m last year to $868m, which, it said, reflected improved spreads on interest-earning assets, partially offset by a higher average level of non-performing assets and the effects of asset securitisation.

Its net interest margin – the difference between the average cost of deposits and average yield on loans and other assets – was 3.95 per cent, up from 3.66 per cent a year earlier.

However, the bank's provision for possible credit losses totalled $315m, up from $200m in the same period of last year and $265m in the third quarter.

Excluding Third World debt, net write-offs in the quarter were $309m, up from $240m last year. The increase included a $44m increase in US commercial write-offs and $18m in US consumer write-offs.

The loan loss provision for the full year was $1.1bn, compared with $1.3bn in 1990, and the bank warned that in view of the depressed real estate market it was likely that "the provision for possible credit losses will continue at the relatively high level recorded in 1991".

Fee and commission revenue totalled $436m, up from $417m a year before, while revenues from trading jumped from $20m to $101m.

Other operating expenses totalled $986m, up from $960m in the fourth quarter of 1990, due mainly to the takeover of a group of banks in the state of Connecticut.

Mr James McDermott, an analyst at Keefe, Bruyette and Woods, commented: "Their charge-offs are high but their expense control seems to be on track."

Fourth-quarter net income per share totalled 80 cents, compared with 93 cents a year ago, excluding the benefits of the 1990 property disposals which boosted the total to $1.32.

For the full year, the bank reported net income of $520m, or $3.12 a share, compared with a loss of $334m, or $3.31 a share, in 1990.

Macy 'working on' financing plan

By Martin Dickson

R.H. MACY, the US department store chain which sent a shudder through the retail industry on Friday when it announced it would be late making January payments to suppliers, has said that it is working on a comprehensive plan to reduce its debt.

At the same time, Macy's senior management is seeking to dispel rumours that it may be forced to file for Chapter 11 bankruptcy protection against its creditors.

In a series of interviews, Mr Edward Finkelstein, Macy's chairman, and Mr Myron Ullman, its vice-chairman, have been insisting they have no plan to file for Chapter 11, which they say would not be in the company's interests.

The officials have declined to give details of their new financing plan, being worked out with investment bankers at Goldman, Sachs.

Macy's, which went private in a leveraged buy-out in 1986, is one of the leading department store groups in the US, but it has been struggling under a burden of more than $3.5bn in long-term debt, which it has difficulty in servicing. The group lost $155m in the quarter to early November.

Its problems have been compounded by the poor retailing climate, particularly in the Christmas shopping period.

As a private company, Macy does not give out monthly sales figures, but analysts believe its sales were probably flat to slightly lower, against the group's hopes of a 5 per cent increase.

The company announced on Friday that it would not be sending out any cheques to vendors until January 25, two weeks late. This was because an agreement with its commercial bank lenders required it to cut its revolving borrowings to specified levels between mid-December and mid-February.

The agreement with the banks was negotiated in early December, when Macy apparently hoped Christmas sales would be sufficiently strong for it to cut borrowings and pay vendors, but last week that proved impossible.

A key question is whether the company can restore vendors' confidence to ensure they continue shipping it goods in sufficient quantities over the next few months for reasonable spring sales.

● Standard & Poor's, the US credit rating agency, said it had lowered its ratings on R.H. Macy's subordinated debt to Triple-C-Minus from Triple-C-Plus, AP-DJ reports.

About $1.9bn of rated debt was outstanding, the rating agency said. The implied senior debt rating was Triple-C-Plus, S&P said.

S&P said: "The rating action reflects Macy's weaker-than-anticipated performance during the crucial Christmas season, leading to near-term liquidity pressures."

S&P has maintained the critical element in Macy's avoidance of default until now has been its good relationships with its suppliers and banks. With the moratorium on vendor payments, Macy has jeopardised those relationships.

ICA invests in Norwegian retailer

By Robert Taylor in Stockholm

A NEW force in retailing is being formed in Norway with substantial Swedish financial support, it was announced yesterday.

ICA, one of Sweden's largest food retail distribution companies, has acquired a 30 per cent stake in the Norwegian grocery group Hagen, which has a turnover of NKr7bn (US$1.1bn) a year through its Rimi, Arena and Matroken chains of shops.

The share purchase will result in the establishment of Hakon Gruppen in which ICA will invest NKr500m.

The Swedish group is to pay NKr250m for the shares, which are being sold by the Hagen family. ICA is also contributing NKr125m to strengthen its own capital in the Hagen group and lending the Norwegian company a further NKr125m on favourable terms.

The new retail group will be 70 per cent owned by Mr Stein-Erik Hagen who will become its president and chief executive.

The aim of creating the new company as far as ICA is concerned is to establish Nordic co-operation in the food retail distribution business.

Mr Roland Fahlin, ICA's chief executive, said yesterday that the creation of Hakon Gruppen was the first step and it would be followed by an invitation to other companies to participate.

He added that distribution of food in the Nordic region was poorly developed. It was split among too many companies and diverse distribution centres made for high costs.

Fannie Mae posts record earnings in last quarter

By Patrick Harverson in New York

THE Federal National Mortgage Association (Fannie Mae), the largest provider of mortgages to US homeowners, has ended its best year in record style.

Yesterday, it reported record fourth-quarter profits of $361m, a performance which took total 1991 earnings to $1.36bn, the highest in the association's history. In 1990, it earned profits of $1.17bn.

Fannie Mae was able to post record earnings against the background of a depressed housing market and a economic recession primarily because of strong growth in the mortgage-backed securities (MBS) business, which involves selling securitised packages of mortgage debt to institutional investors.

During the year, Fannie Mae issued $112.9bn of MBS, taking the total of outstanding securities to $372bn and boosting guaranty fees on MBS business 26 per cent to $675m.

The recession also failed to halt growth in the association's mortgage portfolio, which expanded 11 per cent over the year to $126.5bn.

There was a similar-sized increase during 1991 in Fannie Mae's earnings from net interest income, which totalled $1.78bn.

Contrary to public perception that the weak economy left homeowners struggling to pay their mortgages last year, the number of foreclosed properties acquired by Fannie Mae actually fell, from just over 8,000 in 1990 to 7,450.

Similarly, charge-offs to the association's allowance for loan losses dropped in 1991, falling from $233.5m in 1990 to $205.3m.

Fannie Mae reported that during the year it helped 1.7m families acquire mortgages, in the processing doing $139bn of business.

Peugeot Citroën registers fall in net profit

PEUGEOT Citroën's 1991 net profit was probably "somewhat below" that of the previous year, Mr Jacques Calvet, chairman of the French car maker, said yesterday, AP-DJ reports.

However, he reaffirmed his belief that the result would be favourable compared with those of other leading car makers.

Mr Calvet, added that Peugeot's consolidated revenue was fairly stable last year, against that of the previous year.

Peugeot posted net profit after payments to minority interests of FFr9.3bn ($1.75bn) in 1990, down 10.5 per cent from 1989.

Revenue rose 4.6 per cent to FFr160bn.

Citic Pacific to acquire Hang Chong

By Angus Foster and Simon Holberton in Hong Kong

CITIC Pacific, the Hong Kong-listed arm of Beijing's China International Trust and Investment Corporation, yesterday announced it planned to pay HK$3bn (US$389m) to take full control of Hang Chong Investment, a large Hong Kong trading and property company in which it owns 36 per cent.

The move should give Citic Pacific full control over a diversified and well-established group. It will also help silence critics who say Citic has only been able to build strategic stakes in key Hong Kong companies such as Cathay Pacific Airways.

Citic Pacific described Hang Chong, which holds the franchises for several motor dealerships, as "an ideal vehicle" for it to increase its direct business involvements in Hong Kong and China.

The company will largely finance the increased stake in Hang Chong through a share consolidation and issue of new shares to raise HK$2.6bn. Citic Hong Kong, an unlisted company which holds 47 per cent of Citic Pacific, will hold 44 per cent following the transaction.

Kerry Trading, owned by Malaysian financier Mr Robert Kuok, who has developed close links with Citic Pacific, will raise its stake by 1 percentage point to 17 per cent.

Citic Pacific also announced it was increasing its stake in Hong Kong's second airline, Dragonair, to 46 per cent with the acquisition of a further 7.46 per cent from Citic Hong Kong.

Over the past year, Citic Hong Kong, which is directly owned by Beijing, has shifted a number of key stakes into Citic Pacific, which it hopes to turn into a leading Hong Kong "hong", or trading conglomerate. With the completion of the transactions, which are conditional upon shareholder approval, Citic Pacific's market capitalisation is estimated to rise from HK$8.5bn to HK$11bn, making it one of the colony's 25 largest listed companies.

However, Hang Chong's high profile chief executive, Mr Francis Yuen, appointed by Citic Pacific to head the company in September, has resigned following disagreements with Citic management. Mr Yuen's appointment was questioned by some analysts since neither he nor Citic Pacific has experience managing trading companies.

Citic Pacific led a consortium which paid HK$6.94bn, equal to HK$330 a share, for Hang Chong in September. Except for Kerry Trading, all the members of the consortium are selling to Citic Pacific at an equivalent price of HK$390 a share. Mr Li Ka-shing, who held a 19 per cent stake in the consortium, is estimated to have earned HK$232m on the transaction.

Japan's banks 'face tougher environment'

By Robert Thomson in Tokyo

FINANCIAL de-regulation has forced Japanese banks to increase efficiency, but the results of liberalisation have been partly obscured by "excessive" expansion during the speculative era of the late 1980s, according to a Bank of Japan report which was released yesterday.

A central bank study found that commercial banks have generally reduced operating costs since the early 1980s, and that there is no "clear sign" that higher interest charges were used to compensate for increases in interest payments to customers.

However, the bank concluded that Japanese banks are "likely [to] face a more severe environment" in the future, partly because cost savings accompanying the introduction of new technology have been realised, and because "excessive expansion by some banks in the late 1980s increased their credit risks".

Since the late 1970s, and under pressure from the US government, Tokyo has gradually liberalised financial markets, with the Foreign Exchange Law amended in 1980 and discussion continuing over the role of banks in the securities industry.

The de-regulation of interest rates on virtually all time and ordinary deposits is scheduled to be completed by 1994.

The issue of de-regulation has become entangled in the troubled trade relationship between the US and Japan.

However, the central bank emphasised the virtues of change: "It should be noted that the de-regulation process stimulates market competition, urging banks to achieve further efficiency and ultimately enhancing the economic welfare of a nation."

Bank of Japan researchers found that the quality of services provided to depositors has "significantly improved" in recent years through the expansion of automatic payment systems and automated teller machines.

However, the report suggests that the banks' desire to broaden their customer base has increased their exposure to credit risk, while the expansion of the corporate bond market will limit the banks' ability to offset increased funding costs by marking up lending rates.

"Banks will inescapably face a more competitive environment in the future," the report said.

"In addition, the credit risks of some financial institutions seem to have increased owing to imprudent expansionary activities during the monetary ease of the late 1980s."

The central bank insisted that the increase in credit risk does not mean that deregulation was a mistake, but shows that "some banks were not fully prepared for financial de-regulation in terms of credit risk management".

Enthusiastic response to WA Newspaper flotation

By Kevin Brown

AUSTRALIAN investors gave a rousing welcome to the flotation of WA Newspaper Holdings (WAN) last week, raising hopes of similar success for two other media flotations due later this year.

WAN, which owns the West Australian daily newspaper published in Perth, closed at A$1.70 after its first day's trading on the Australian Stock Exchange (ASX), a premium of 70 cents over the issue price.

The first-day closing price was at the top end of expectations for the flotation, which raised A$185m (US$136m) from more than 16,000 shareholders. The ASX said more than 15m WAN shares were traded that day. Brokers said the flotation augured well for News Corporation, Mr Rupert Murdoch's media group, which is expected to raise about A$380m shortly from the part-flotation of its Pacific Magazines offshoot.

Mr Conrad Black, the Canadian proprietor of the UK Daily Telegraph group, is also expected to float about 80 per cent of the Fairfax newspaper chain following the acquisition of the company late last year.

The WAN flotation will provide stable ownership for the West Australian, the last independently-owned metropolitan daily newspaper in Australia.

The newspaper was owned by the Herald and Weekly Times (HWT) group from 1969 to 1987, when HWT was acquired by News Corporation, and the West Australian was spun off to the late Mr Robert Holmes à Court's Bell Group. A year later, he sold 19.9 per cent of Bell Group to Mr Alan Bond's Bond Corporation Holdings, and a similar stake to the West Australian State Government Insurance Commission in a deal which was investigated by the National Companies and Securities Commission (NCSC), the then corporate regulator. Bond Corporation was forced to acquire 74.5 per cent of Bell and the company collapsed in the wake of Bond Corporation's inability to service its debts.

The biggest shareholder in WAN is the Australian Foundation Investment Company, a listed investment group, controlling about 6.5 per cent of the shares.

Australian retailer may float Woolworths chain

By Kevin Brown in Sydney

ADSTEAM, the Australian retailing and manufacturing group which is being restructured by its banks, yesterday confirmed it is considering floating its Woolworths supermarket chain after the completion of a A$6bn (US$4.4bn) refinancing deal.

"A float of Woolworths is constantly under review. However, no decision has been made on the timing of a float, and no decision is imminent," said Mr George Haines, the group's chief executive.

Analysts say Woolworths could raise between A$1.5bn and A$2bn on the Australian stock exchange, which would make it Australia's second highest capitalised retailer.

Woolworths is the main competitor to Coles Myer, Australia's largest retailing chain. It has continued to perform strongly in spite of Adsteam's financial problems.

Woolworths made pre-tax profits of A$211m in the year to June, and is expected to report profits of about A$240m this year. Growth is expected to slow over the next few years following the completion of an investment programme.

Mr Haines said Adsteam was able to consider Woolworths' flotation "in an orderly manner" because of the completion of a refinancing deal for Industrial Equity (IEL), the Adsteam affiliate which owns Woolworths. IEL, jointly owned by three other Adsteam companies, has agreed credit lines of A$1.45bn with a syndicate of 14 banks which replaced its previous 51 lenders.

Adsteam said refinancing agreements for other companies in the group would soon be completed, and would involve a cur in the number of participating banks. Adsteam is said to have negotiated with about 80 banks.

The Adsteam group, formerly run by Mr John Spalvins, reported a consolidated net loss of A$1.57bn for the year to June, following interim losses of A$1.2bn. Adsteam's banks stepped in to restructure it in late 1990, after the shares came under strong selling pressure because of concern about the group's complex cross-shareholding structure and extensive inter-company debt.

Revamp at Gerber Products

GERBER Products, the US baby foods group, is revamping part of its clothing manufacturing operations which will result in an after-tax charge to its fiscal 1992 earnings of about $16m, or 43 cents a share, Reuter reports.

Certain operations will shut down, resulting in the loss of about 900 jobs. This will include the closure of the diaper weaving operations and consolidation of other basic textile production capabilities in order to increase overall productivity.

Mr Al Piergallini Gerber, chairman, said the company was taking the action to improve long-term profitability.

He added that there was a dramatic change this year in the cloth diaper market. This was caused by reduced environmental concerns about disposable diapers which significantly cut demand for cloth diapers. In addition, low cost, foreign-sourced cloth diapers captured the institutional market, he said.

Mr Piergallini said the company could not effectively compete in the cloth diaper market with its high fixed-cost, vertically-integrated US manufacturing base.

"We intend to remain in the diaper business, but in a competitive, flexible manner," he added. He said the margin improvement from this action would enhance future earnings and cash flows.

He also said Gerber's disappointing diaper business results were already reflected in securities analysts' consensus estimates for Gerber's fiscal 1992 year – excluding the restructuring charge.

Analysts estimate that Gerber's fiscal 1992 earnings will be in a range of $3.74 to $3.95 a share.

For the year to end-March 1991, earnings were $3 a share.

Domtar anticipates recovery by year-end

By Robert Gibbens in Montreal

DOMTAR, the Canadian pulp and paper and building materials group, believes a US economic recovery spurred by cheap money will restore its profitability by the year-end.

Domtar, owned 40 per cent by two Quebec government agencies, is Canada's biggest producer of commodity and speciality fine papers, mainly for export to the US, and is North America's number three producer of gypsum wallboard. It also makes packaging products.

The company is one of the first Canadian forest products groups to be hit by recession, but, after 1982-83, it was one of the first to recover as US interest rates tumbled.

"This time recovery probably will be slower," said Mr Halford Wilson, the company's treasurer.

"But, if everything comes together, we'll be moving firmly towards profits by the end of 1992," he added.

He said Domtar's fourth-quarter loss would be in line with the third – then it reported a deficit of C$39m (US$33.9m), or 44 cents a share, on sales of C$454m. The nine-month loss was C$104m, or C$1.26, a share on sales of C$1.4bn.

Domtar will continue in the red for most of 1992, said Mr Wilson, but cash-flow will strengthen as North American timber, pulp, packaging and finally, newsprint markets pick up.

Pulp has gained around US$20 per tonne since early December and list prices move to US$540 a tonne on February 1.

Wallboard's outlook is uncertain, he said, because the two leading US producers were in Chapter 11 bankruptcy protection proceedings and were pricing for market share.

Since US commercial building has virtually dried up, only an upsurge in the residential sector, spurred by low interest rates, can turn the market around.

Domtar, in good years, has shown C$100m in operating profit from its building materials business.

The company cut C$150m from its cost base in 1991 and plans further reductions totalling C$100m in 1992. "The potential for a bounceback is strong, once demand begins to catch up with supply," said Mr Wilson.

About C$100m will be spent on capital projects this year, which is the same as in 1991. Improvement will bring capacity at its C$1bn fine paper mill near Montreal by 1993 to 500,000 tonnes yearly from 350,000 tonnes.

Domtar's domestic plants, after the heavy restructuring and manpower cuts of the past two years, can now compete with the Canadian dollar trading around 88 cents US, said Mr Wilson.

"As a major exporter, we want the Canadian dollar in the low eighties, because each one-cent movement affects our profitability by about C$11m a year pre-tax. But anybody thinking of 75 cents US is living in a dream world of exchange profits."

The Quebec government plans to sell its Domtar control during the next industry upturn, or merge the company into a bigger group.

SALOMON BROTHERS MERGERS AND ACQUISITIONS AROUND THE GLOBE 1991

Client and Assignment	*Transaction Value*
Aegis Group plc Acquisition of TMD Advertising Holdings PLC.	$ 61,300,000
AIDC Telecommunications Fund Fairness opinion in connection with the privatisation of Aussat Pty Limited.	125,440,000
American Exploration Company Acquisition of Conquest Exploration Company.	159,300,000
Associated Mills, Inc./Pollenex Sale of a majority interest in the company to Odyssey Partners L.P.	Undisclosed
Atlanta Falcons Football Club Sale of minority interests to private investors.	Undisclosed
Avalon Marketing, Inc. Restructuring advisory.	Undisclosed
AXA-Midi Assurances Acquisition of a minority convertible debt stake in The Equitable Life Assurance Society of the United States.	1,000,000,000
Banco Bilbao Vizcaya, S.A. Divestiture of Espasa-Calpe, S.A. to Planeta GLCI, S.A., a joint venture between Editorial Planeta, S.A. and Groupe de la Cité, S.A.	Undisclosed
Banco Bilbao Vizcaya, S.A. Acquisition of Lloyds Bank, Portugal.	Undisclosed
Banco Español de Crédito, S.A. Divestiture of Banc Catalá de Crédit to Istituto Bancario Sao Paolo di Torino and Abel Matutes S.A., Banco de Ibiza.*	Undisclosed
Banco Espirito Santo e Comercial de Lisboa Valuations advisory.	Undisclosed
Bancomer, S.N.C. Valuation advisory in connection with the privatisation of the company.	2,540,000,000
Bell Atlantic Corporation Acquisition of Metro Mobile CTS, Inc.*	2,450,000,000
BellSouth Corporation Financial advisor in connection with the privatisation of Aussat Pty Limited.*	640,000,000
Bethlehem Steel Corporation Divestiture of its freight car division to a partnership of TMB Industries and ONEX Corporation.	Undisclosed
Caisse des Dépôts-Développement Sale of equity stake in Société des Télépheriques de la Grande Motte (T.G.M.) subsidiary to Kamori International Corporation.	Undisclosed
Carolco Pictures Inc. Sale of equity stake to Rizzoli Corriere della Sera Group.	20,000,000
Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona and Cassa di Risparmio in Bologna Acquisition of an interest in Banque Finindus, S.A.	Undisclosed
CBS Inc. Financial advisory in connection with a share repurchase.	2,000,000,000
Century Communications Corp. Advisory regarding the merger of Citizens Cellular Company into Century Cellular Corp.	449,000,000
Cisco Systems, Inc. Sale of minority stake in the company.	60,000,000
Commercial Bank of Greece Divestiture of Bank of Piraeus to a group of private investors.	16,700,000
Compañía Sevillana de Electricidad, S.A. Financial advisory.	Undisclosed
Contel Corporation Merger with GTE Corporation.	6,243,300,000
Crabtree Capital Corporation Divestiture of Spring Financial Services, Inc. to BanPonce Corporation.	Undisclosed

*Pending

Client and Assignment	*Transaction Value*
CRI Insured Mortgage Association, Inc. Acquisition of managing general partnership interest in American Insured Mortgage Investors; Integrated Resources American Insured Mortgage Investors Series 85, a California Limited Partnership; American Insured Mortgage Investors L.P.-Series 86; and American Insured Mortgage Investors L.P.-Series 88.	Undisclosed
Delagrange Sale of the company to Synthelabo, S.A., a subsidiary of L'Oréal, S.A.	$ 420,000,000
Distribuciones de La Ley, S.A. Divestiture of a substantial minority shareholding to an affiliate of E.M. Warburg, Pincus & Co., Inc.	Undisclosed
El Globo Group of Brazil Divestiture of minority stake in Telemontecarlo, a European broadcasting subsidiary of Globo Europa B.V., to Ferruzzi SpA.	Undisclosed
Emerson Electric Co. Acquisition of the North American assets of Mallory Controls, an indirect wholly owned subsidiary of The Black & Decker Corporation.	90,000,000
EnviroSource, Inc. Acquisition of the 37.5% minority stake in EnviroSafe Services, Inc. which it did not already own.*	14,500,000
Finishing Enterprises, Inc. Sale of a substantial minority stake to Galen Associates.	Undisclosed
Fleet/Norstar Financial Group, Inc. Acquisition of Maine Savings Bank from the Federal Deposit Insurance Corporation.	Undisclosed
General Cinema Corporation Acquisition of Harcourt Brace Jovanovich, Inc.	1,500,000,000
General Oriental Investments Ltd. Divestiture of investment in Cavenham Forests Industries Inc. to an affiliate of Hanson Industries.	1,300,000,000
General Oriental Investments Ltd. Acquisition of 49.3% of Newmont Mining Corporation from an affiliate of Hanson Industries.	1,300,000,000
Glenfed Development Corp. Divestiture of the Sheraton at Redondo Beach to Bass PLC/Holiday Inn Worldwide.	Undisclosed
Goldstar Company Limited Acquisition of a strategic minority interest in, and entrance into related technology agreements with, Zenith Electronics Corporation.	15,000,000
Ground Round Restaurants, Inc. Strategic advisory.	Undisclosed
Grupo 16 Defence advisory.	Undisclosed
GTE Corporation Divestiture of Contel IPC to Kleinknecht Electric.	Undisclosed
H&R Block, Inc. Divestiture of Access Technology, Inc. to Computer Associates International, Inc.	Undisclosed
Henley Group, Inc. Divestiture of Instrumentation Laboratory to C.H. Werfen, S.A.	165,000,000
Inacomp Computer Centers, Inc. Merger with a subsidiary of ValCom, Inc. to create a new entity, InaCom Corp.	55,000,000
James River Corporation of Virginia Divestiture of the Wiggins, Mississippi paper mill to Coastal Paper Company.	Undisclosed
Johnston Coca-Cola Bottling Group Fairness opinion in connection with their merger with Coca-Cola Enterprises Inc.	1,400,000,000
KeyCorp Acquisition of Goldome Bank FSB.	400,000,000

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, January 13, 1992 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	55.0471	35.0088	43.4354
Albania	(Lek)	9.9645	5.5266	3.5148	4.3608
Algeria	(Dinar)	37.8495	20.9925	13.3507	16.5643
Andorra	(Fr Fr)	9.6775	5.3674	3.4135	4.2352
	(Sp Peseta)	180.60	100.166	63.7037	79.0371
Angola	(Kwanza)	337.00	186.911	118.871	147.484
Antigua	(E Carr $)	4.8640	2.6977	1.7156	2.1286
Argentina	(Austral)	1.7790	0.9866	0.6275	0.7785
Aruba	(Florin)	3.2245	1.7884	1.1373	1.4111
Australia	(Aus $)	2.4235	1.3441	0.8548	1.0606
Austria	(Schilling)	19.945	11.0621	7.0352	8.7286
Azores	(Port Escudo)	245.50	136.162	86.5961	107.44
Bahamas	(Bahama $)	1.8030	1	0.6359	0.789
Bahrain	(Dinar)	0.6786	0.3763	0.2393	0.2969
Balearic Is	(Sp Peseta)	180.60	100.166	63.7037	79.0371
Bangladesh	(Taka)	67.00	37.1602	23.6331	29.3216
Barbados	(Barb $)	3.6235	2.0097	1.2781	1.5857
Belgium	(Belg Fr)	58.50	32.4459	20.6349	25.6017
Belize	(B $)	3.6030	1.9983	1.2708	1.5768
Benin	(CFA Fr)	483.875	268.372	170.679	211.761
Bermuda	(Bermudian $)	1.8030	1	0.6359	0.789
Bhutan	(Ngultrum)	46.00	25.513	16.2257	20.1312
Bolivia	(Boliviano)	6.7555	3.7468	2.3828	2.9564
Botswana	(Pula)	3.7875	2.1006	1.3359	1.6575
Brazil	(Cruzeiro)	2052.05	1138.13	723.827	898.053
Brunei	(Brunei $)	2.9425	1.632	1.0379	1.2877
Bulgaria	(Lev)	32.24	17.8813	11.3721	14.1094
Burkino Faso	(CFA Fr)	483.875	268.372	170.679	211.761
Burma	(Kyat)	10.7573	5.9663	3.7944	4.7077
Burundi	(Burundi Fr)	358.50	198.835	126.455	156.893
Cambodia	(Riel)	1351.10	749.362	476.578	591.291
Cameroon	(CFA Fr)	483.875	268.372	170.679	211.761
Canada	(Canadian $)	2.0635	1.1444	0.7278	0.903
Canary Is	(Sp Peseta)	180.60	100.166	63.7037	79.0371
Cp. Verde	(CV Escudo)	118.95	65.9733	41.9576	52.0568
Cayman Is	(CI $)	1.4950	0.8291	0.5273	0.6542
Cent.Afr. Rep	(CFA Fr)	483.875	268.372	170.679	211.761
Chad	(CFA Fr)	483.875	268.372	170.679	211.761
Chile	(Chilean Peso)	672.08	372.757	237.065	294.127
China	(Renminbi Yuan)	9.7490	5.407	3.4388	4.2665
Colombia	(Col Peso)	1118.40	620.3	394.497	489.453
Comoros	(CFA Fr)	483.875	268.372	170.679	211.761
Congo (Brazz)	(CFA Fr)	483.875	268.372	170.679	211.761
Costa Rica	(Colon)	244.65	135.691	86.2962	107.068
Côte d'Ivoire	(CFA Fr)	483.875	268.372	170.679	211.761
Cuba	(Cuban Peso)	1.3645	0.7567	0.4813	0.5971
Cyprus	(Cyprus £)	0.8040	0.4459	0.2835	0.3518
Czechoslovakia	(Koruna)	51.11c	28.3471	18.0282	22.3676
		49.28t	27.3322	17.3827	21.5667
Denmark	(Danish Kroner)	11.0175	6.1106	3.8862	4.8216
Djibouti Rep	(Djib Fr)	313.00	173.6	110.406	136.98
Dominica	(E Carrib $)	4.8640	2.6977	1.7156	2.1286
Dominican Rep	(D Peso)	22.8070	12.6494	8.0447	9.9811
Ecuador	(Sucre)	2228.60o	1236.05	786.102	975.317
		2387.90a	1324.4	842.293	1045.03
Egypt	(Egyptian £)	5.99	3.3222	2.1128	2.6214
El Salvador	(Colon)	14.3940	7.9833	5.0772	6.2993
Equat'l Guinea	(CFA Fr)	483.875	268.372	170.679	211.761
Ethiopia	(Ethiopian Birr)	3.70	2.0521	1.3051	1.6192
Falkland Is	(Falk £)	1.00	0.5546	0.3527	0.4376
Faroe Is	(Danish Kroner)	11.0175	6.1106	3.8862	4.8216
Fiji Is	(Fiji $)	2.6670	1.4792	0.9407	1.1671
Finland	(Markka)	7.7115	4.277	2.7201	3.3748
France	(Fr)	9.6775	5.3674	3.4135	4.2352
Fr. Cty/Africa	(CFA Fr)	483.875	268.372	170.679	211.761
Fr. Guiana	(Local Fr)	9.6775	5.3674	3.4135	4.2352
Fr. Pacific Is	(CFP Fr)	172.00	95.3965	60.6701	75.2735
Gabon	(CFA Fr)	483.875	268.372	170.679	211.761
Gambia	(Dalasi)	16.79	9.3122	5.9223	7.3479
Germany	(D-Mark)	2.8350	1.5723	1	1.2407

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	715.00	396.561	252.205	312.91
Gibraltar	(Gib £)	1.00	0.5546	0.3527	0.4376
Greece	(Drachma)	327.25	181.503	115.432	143.217
Greenland	(Danish Krone)	11.0175	6.1106	3.8862	4.8216
Grenada	(E Carr $)	4.8640	2.6977	1.7156	2.1286
Guadaloupe	(Local Fr)	9.6775	5.3674	3.4135	4.2352
Guam	(US $)	1.8030	1	0.6359	0.789
Guatemala	(Quetzal)	9.0940	5.0438	3.2077	3.9798
Guinea	(Fr)	1463.35	811.62	516.173	640.416
Guinea-Bissau	(Peso)	9007.50	4995.84	3177.25	3942.01
Guyana	(Guyanese $)	218.45	121.159	77.0546	95.6017
Haiti	(Goude)	9.0075	5	3.1772	3.942
Honduras	(Lempira)	9.7838	5.4264	3.451	4.2817
Hong Kong	(HK $)	13.9383	7.7306	4.9165	6.0999
Hungary	(Forint)	138.61	76.8774	48.8924	60.6608
Iceland	(Icelandic Krona)	102.00	56.5723	35.9788	44.6389
India	(Indian Rupee)	46.00	25.513	16.2257	20.1312
Indonesia	(Rupiah)	3599.80	1996.56	1269.77	1575.4
Iran	(Rial)	119.20o	66.112	42.0458	52.1663
		2539.00v	1408.21	895.591	1111.16
Iraq	(Iraqi Dinar)	0.5936	0.3292	0.2093	0.2597
Irish Rep	(Punt)	1.0650	0.5906	0.3756	0.466
Israel	(Shekel)	4.1340	2.2928	1.4582	1.8091
Italy	(Lira)	2140.50	1187.19	755.026	936.761
Jamaica	(Jamaican $)	34.4985	19.1339	12.1687	15.0978
Japan	(Yen)	228.50	126.733	80.5996	100
Jordan	(Jordanian Dinar)	1.2065	0.6691	0.4255	0.528
Kenya	(Kenya Shilling)	51.05	28.3139	18.007	22.3413
Kiribati	(Australian $)	2.4235	1.3441	0.8548	1.0606
Korea North	(Won)	1.7475	0.9692	0.6164	0.7647
Korea South	(Won)	1368.90	759.235	482.857	599.081
Kuwait	(Kuwaiti Dinar)	0.5185	0.2875	0.1828	0.2269
Laos	(New Kip)	1270.05	704.409	447.989	555.821
Lebanon	(Lebanese £)	1586.00	879.645	559.436	694.092
Lesotho	(Maluti)	5.0120	2.7798	1.7679	2.1934
Liberia	(Liberian $)	1.8030	1	0.6359	0.789
Libya	(Libyan Dinar)	0.4898	0.2716	0.1727	0.2143
Liechenstein	(Swiss Fr)	2.5225	1.399	0.8897	1.1039
Luxembourg	(Lux Fr)	58.50	32.4459	20.6349	25.6017
Macao	(Pataca)	14.4495	8.0141	5.0968	6.3236
Madagascar	(MG Fr)	3435.50	1905.44	1211.82	1503.5
Madeira	(Port Escudo)	245.50	136.162	86.5961	107.44
Malawi	(Kwacha)	4.8118	2.6687	1.6972	2.1058
Malaysia	(Ringgit)	4.8788	2.7059	1.7209	2.1351
Maldive Is	(Rufiya)	19.3155	10.7129	6.8132	8.4531
Mali Rep	(CFA Fr)	483.875	268.372	170.679	211.761
Malta	(Maltese £)	0.5610	0.3111	0.1978	0.2455
Martinique	(Local Fr)	9.6775	5.3674	3.4135	4.2352
Mauritania	(Ouguiya)	150.25	83.3333	52.9982	65.7549
Mauritius	(Maur Rupee)	27.1530	15.0599	9.5777	11.8831
Mexico	(Mexican Peso)	5471.00a	3034.39	1929.81	2394.31
Miquelon	(Local Fr)	9.6775	5.3674	3.4135	4.2352
Monaco	(French Fr)	9.6775	5.3674	3.4135	4.2352
Mongolia	(Tugrik)	75.6630	41.965	26.6888	33.1129
Montserrat	(E Carr $)	4.8640	2.6977	1.7156	2.1286
Morocco	(Dirham)	14.45	8.0144	5.097	6.3238
Mozambique	(Metical)	3331.75	1847.89	1175.22	1458.1
Namibia	(S A Rand)	5.0120	2.7798	1.7679	2.1934
Nauru Is	(Australian $)	2.4235	1.3441	0.8548	1.0606
Nepal	(Nepalese Rupee)	76.9075	42.6552	27.1278	33.6575
Netherlands	(Guilder)	3.1950	1.772	1.1269	1.3982
N'nd Antilles	(A/Guilder)	3.2245	1.7884	1.1373	1.4111
New Zealand	(NZ $)	3.3038	1.8323	1.1653	1.4458
Nicaragua	(Gold Cordoba)	9.0075	4.9958	3.1772	3.942
Niger Rep	(CFA Fr)	483.875	268.372	170.679	211.761
Nigeria	(Naira)	16.8980	9.3721	5.9604	7.3951
Norway	(Nor. Krone)	11.1775	6.1993	3.9426	4.8916
Oman	(Rial Omani)	0.6930	0.3843	0.2444	0.3032

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	43.00	23.8491	15.1675	18.8183
Panama	(Balboa)	1.8030	1	0.6359	0.789
Papua New Guinea	(Kina)	1.7270	0.9578	0.6091	0.7557
Paraguay	(Guarani)	2354.25	1305.74	830.423	1030.31
Peru	(New Sol)	1.8500	1.026	0.6525	0.8096
Philippines	(Peso)	45.00	24.9584	15.873	19.6936
Pitcairn Is	(£ Sterling)	1.00	0.5546	0.3527	0.4376
	(NZ $)	3.3038	1.8323	1.1653	1.4458
Poland	(Zloty)	20371.0	11298.4	7185.54	8915.1
Portugal	(Escudo)	245.50	136.162	86.5961	107.44
Puerto Rico	(US $)	1.8030	1	0.6359	0.789
Qatar	(Riyal)	6.5520	3.6339	2.3111	2.8673
Reunion Is. de la	(F/Fr)	9.6775	5.3674	3.4135	4.2352
Romania	(Leu)	352.00q	195.23	124.162	154.048
Rwanda	(Fr)	222.91	123.633	78.6278	97.5536
St Christopher	(E Carr $)	4.8640	2.6977	1.7156	2.1286
St Helena	(£)	1.00	0.5546	0.3527	0.4376
St Lucia	(E Carr $)	4.8640	2.6977	1.7156	2.1286
St Pierre	(French Fr)	9.6775	5.3674	3.4135	4.2352
St Vincent	(E Carr $)	4.8640	2.6977	1.7156	2.1286
San Marino	(Italian Lira)	2140.50	1187.19	755.026	936.761
Sao Tome	(Dobra)	432.35	239.795	152.504	189.212
Saudi Arabia	(Riyal)	6.7499	3.7437	2.3809	2.954
Senegal	(CFA Fr)	483.875	268.372	170.679	211.761
Seychelles	(Rupee)	9.04	5.0138	3.1887	3.9562
Sierra Leone	(Leone)	738.60	409.651	260.529	323.239
Singapore	($)	2.9425	1.632	1.0379	1.2877
Solomon Is	($)	5.0735	2.8139	1.7895	2.2203
Somali Rep	(Shilling)	4719.95	2617.83	1664.89	2065.62
South Africa	(Rand)	5.0120c	2.7798	1.7679	2.1934
		5.7830g	3.2074	2.0398	2.5308
Spain	(Peseta)	180.60	100.166	63.7037	79.0371
Spanish Ports in N Africa	(Sp Peseta)	180.60	100.166	63.7037	79.0371
Sri Lanka	(Rupee)	75.00	41.5973	26.455	32.8227
Sudan Rep	(£)	27.0225	14.9875	9.5317	11.826
Surinam	(Guilder)	3.2155	1.7834	1.1342	1.4072
Swaziland	(Lilangeni)	5.0120	2.7798	1.7679	2.1934
Sweden	(Krona)	10.3525	5.7418	3.6516	4.5306
Switzerland	(Fr)	2.5225	1.399	0.8897	1.1039
Syria	(£)	37.8315	20.9825	13.3444	16.5564
Taiwan	($)	46.30	25.6794	16.3315	20.2625
Tanzania	(Shilling)	418.65	232.196	147.672	183.217
Thailand	(Baht)	44.00	24.4037	15.5202	19.256
Togo Rep	(CFA Fr)	483.875	268.372	170.679	211.761
Tonga Is	(Pa Anga)	2.4235	1.3441	0.8548	1.0606
Trinidad/Tobago	($)	7.6565	4.2465	2.7007	3.3507
Tunisia	(Dinar)	1.6160	0.8962	0.57	0.7072
Turkey	(Lira)	9614.92	5332.73	3391.51	4207.84
Turks & Caicos	(US $)	1.8030	1	0.6359	0.789
Tuvalu	(Australian $)	2.4235	1.3441	0.8548	1.0606
Uganda	(New Shilling)	1789.35	992.429	631.164	783.085
U A E	(Dirham)	6.6105	3.6663	2.3317	2.8929
United Kingdom	(£)	1.00	0.5546	0.3527	0.4376
United States	(US $)	1.8030	1	0.6359	0.789
Uruguay	(Peso)	4453.60	2470.11	1570.93	1949.06
USSR	(Rouble)	1.0290o	0.5707	0.3629	0.4503
		3.0870c	1.7121	1.0888	1.3509
Vanuatu	(Vatu)	201.80	111.925	71.1816	88.315
Vatican	(Lira)	2140.50	1187.19	755.026	936.761
Venezuela	(Bolivar)	108.80	60.3438	38.3774	47.6148
Vietnam	(Dong)	21708.05	12040	7657.16	9500.24
Virgin Is-British	(US $)	1.8030	1	0.6359	0.789
Virgin Is-US	(US $)	1.8030	1	0.6359	0.789
Western Samoa	(Tala)	4.3470	2.4109	1.5333	1.9024
Yemen (Rep of)	(Rial)	23.3295	12.9392	8.2291	10.2098
Yemen (Rep of)	(Dinar)	0.8377	0.4646	0.2954	0.3666
Yugoslavia	(Dinar)	36.8855	20.4578	13.0107	16.1424
Zaire Rep	(Zaire)	116900.0	64836.4	41234.6	51159.7
Zambia	(Kwacha)	161.25	89.4342	56.8783	70.5689
Zimbabwe	($)	9.3320	5.1758	3.2917	4.084

Special Drawing Rights January 10, 1992 United Kingdom £0.776768 United States $1.41232 Germany D Mark 2.20760 Japan Yen177.952
European Currency Unit Rates January 10, 1992 United Kingdom £0.717582 United States $1.30578 Germany D Mark 2.03676 Japan Yen164.163

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (l) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, January 13, 1992.

INTERNATIONAL CAPITAL MARKETS

Treasuries fall amid doubts over cut in interest rates

By Patrick Harverson in New York and Sara Webb in London

US TREASURY prices fell across the board yesterday as doubts spread over whether the Federal Reserve would cut interest rates again.

In late afternoon trading, the benchmark 30-year government bond was down 13/32 at 105 19/32, yielding 7.500 per cent. The short end of the market also weakened considerably, the two-year note easing 3/16 to 100 3/32, to yield 4.931 per cent.

The downturn in prices yesterday was a follow-on from last Friday's testimony to Congress by Mr Alan Greenspan, the Fed chairman. Although Mr Greenspan said the Fed would be ready to ease monetary policy again, he also said he felt policy had been loosened enough already, and that by historical standards there was enough monetary stimulus in the pipeline to spur a recovery in the struggling economy.

The Fed chairman's comments came after the release of another set of bad employment figures, which suggested to bond investors that the weak December jobs data was not bad enough to prompt further easing. Given that prices, especially at the short end, have risen steadily recently on hopes of interest rate cuts, yesterday's setback was a logical correction.

■ *UK government bond prices* weakened yesterday on concerns about future supply of gilt-edged stock and following the US Treasury market's lead.

An announcement by the Bank of England on Friday that it would auction gilts in the 1998-2002 maturity range on January 29 helped to push down prices, particularly of medium-dated issues. The 10 per cent gilt due 2001 fell from its opening of 102½ to 101 23/32 by late afternoon. Long-dated gilts were less severely hit, while short-dated gilt prices slipped on worries about sterling weakness.

Final retail sales and consumer credit figures for November released yesterday had little impact on gilts.

■ GERMAN government bonds ended little changed on the day as worries about a possible steelworkers' strike, the Bundesbank's commitment to high interest rates and an increase in supply held the market in check.

News that German steelworkers were preparing to go on strike following the breakdown of pay negotiations on Sunday night, deterred many investors from buying bunds yesterday.

Traders saidinvestors may be waiting to see whether the strike goes ahead and pushes bund prices lower so they can buy more cheaply. The Liffe bund futures contract opened at 88.04 and traded at 88.08 by late afternoon after trading in a range of 87.92-88.17.

■ JAPANESE government bond prices closed almost unchanged on the day as yen weakness against the dollar and the drop in Tokyo stock prices contributed to the market's slightly bearish mood yesterday.

The yield on the benchmark No 129 ended at 5.35 per cent, after moving in a range of 5.335 per cent to 5.355 per cent on a relatively low volume of Y358bn.

The dollar strengthened against the yen in New York on Friday after stronger-than-expected US jobs data for December dampened expectations of a further ease in US monetary policy.

The overnight unsecured call money rate was ended at 5⅝ per cent, down ⅛.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	113.7876	-0.866	9.78	9.56	9.68
BELGIUM		9.000	06/01	101.8000	-0.200	8.70	8.77	8.87
CANADA *		8.500	04/02	103.2300	-0.250	8.04	7.98	8.47
DENMARK		9.000	11/00	102.7000	-0.325	8.64	8.61	8.86
FRANCE	BTAN	8.500	11/96	98.9981	-0.133	8.76	8.86	9.08
	OAT	9.500	01/01	106.2500	-0.220	8.46	8.50	8.78
GERMANY		8.25	09/01	101.8000	-0.060	7.96	8.01	8.34
ITALY		12.000	08/01	98.0800	+0.160	12.34	12.47	12.31
JAPAN	No 119	4.800	06/99	95.7981	-0.025	5.60	5.61	5.65
	No 129	6.400	03/00	105.8173	-0.163	5.36	5.34	5.59
NETHERLANDS		8.500	03/01	100.5700	-0.020	8.40	8.46	8.72
SPAIN		11.900	07/98	101.4000	+0.050	11.42	11.74	11.67
UK GILTS		10.000	11/96	100-21	-5/32	9.82	9.79	9.94
		10.000	02/01	101-31	-15/32	9.67	9.57	9.87
		9.000	10/08	97-00	-9/32	9.36	9.32	9.58
US TREASURY *		7.500	11/01	103-22	-23/32	6.97	6.82	7.30
		8.000	11/21	105-19	-14/32	7.52	7.46	7.78

London closing. *denotes New York closing. Yields: Local market standard
Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Belfox options trading delayed

TRADING of share options on Belfox, Belgium's futures and options exchange, has been postponed, says Belfox general manager Mr Jos Schmitt, Reuter reports from Brussels. It had been due to start in late January or early February.

Mr Schmitt said the launch had been delayed because trading simulation had not started yet in Belgium. A simulation was currently running in London, he added.

Riksbank signs primary dealers

THE Riksbank, Sweden's central bank, has signed primary dealer contracts with four banks and four stockbrokers following a six-month trial period, AP-DJ reports from Stockholm.

The central bank has introduced the contracts in a move to create a more efficient secondary market for the Swedish bourse.

The dealers granted primary dealerships will be treated by the Riksbank as counterparts in open market operations and other money-market business, the Riksbank said.

The Riksbank said that the following eight institutions had been granted primary dealership: J.P. Bank, Skandinaviska Enskilda Banken, Svenska Handelsbanken, Swedbank, Consensus Fondkommission, Transferator Fondkommission, United Securities Fondkommission and E. Ohman Fondkommission.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on January 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¾	107¼	−⅛	6.21
ALBERTA PROVINCE 9 3/8 95	600	110	110½	−¼	6.31
AUSTRIA 8 1/2 00	400	107⅝	108	−¼	7.21
BANK OF TOKYO 8 3/8 96	100	105⅝	106	−¼	6.85
BELGIUM 9 5/8 98	250	112⅜	112¾	−¼	7.16
BFCE 7 3/4 97	150	104	104½	−¼	6.80
BNP 8 5/8 94	300	106¾	107¼	−¼	5.69
BRITISH GAS 8 3/8 99	350	106⅜	106¾	−⅛	7.25
CANADA 9 96	1000	109¾	110¼	−⅛	6.24
CARCO 9 1/4 96	650	103¾	104¾		8.18
CCCE 9 1/4 95	300	109½	109¾	−¼	5.83
COUNCIL EUROPE 8 96	100	105½	106¼	−½	6.55
CREDIT FONCIER 9 1/2 99	300	112½	112¾	−⅛	7.19
DENMARK 8 1/4 94	150	106¼	106½	−¼	5.62
DENMARK 9 1/4 95	1571	109¼	109¾	−¼	5.92
ECSC 8 1/4 96	193	106¾	107½	−⅛	6.58
EEC 8 1/4 96	100	106¼	106¾	−⅛	6.53
EIB 7 3/4 96	250	104¾	105¼	−⅛	6.48
EIB 9 1/4 97	1000	111¼	111½	−⅛	6.86
ELEC DE FRANCE 9 98	200	109¼	109¾	−⅛	7.06
EURO CRED CARD TST 9 94	325	104¾	105¼	−⅛	7.07
EUROFIMA 9 1/4 96	100	109¼	110	−⅛	6.66
EXPORT DEV CORP 9 1/2 98	150	112	112½	−⅛	7.11
FINLAND 7 7/8 97	200	103¼	104⅝	−⅛	6.97
FINNISH EXPORT 9 3/8 95	200	109¼	110¼	−¼	6.38
FORD CAPITAL 9 3/4 97	250	106⅜	107	−¼	8.22
GEN ELEC CAPITAL 9 3/8 96	300	109	109½	−¼	6.91
GMAC 9 1/8 96	200	104½	105	−¼	7.84
GUINNESS FINANCE 8 94	200	104¾	105¼	−⅛	5.87
IBM INTL FIN 7 3/4 94	200	104½	105	−⅛	5.56
IND BK JAPAN FIN 7 7/8 97	200	103¼	103¾	−¼	7.13
INTER AMER DEV 7 5/8 96	200	104¼	104¾	−¼	6.49
ITALY 8 1/2 94	1500	107¼	107½	−¼	5.60
JAPAN DEV BK 8 94	150	105¼	105⅝	−¼	5.54
KANSAI ELEC PWR 10 96	350	111½	112	−¼	6.76
LTCB FIN 8 97	200	102¾	103¼	−¼	7.32
NEW ZEALAND 9 94	850	107¼	107⅝	−¼	5.92
NIPPON CRED BK 10 3/8 95	150	110¾	111¼	−¼	6.78
NIPPON TEL & TEL 9 3/8 95	200	109¼	109¾	−⅛	6.08
ONTARIO 8 1/2 01	600	105¾	106¼	−⅛	7.58
ONTARIO HYDRO 11 5/8 94	200	111¼	111¾	−⅛	5.76
OSTER KONTROLLBANK 8 1/2 01	200	107¼	107¾	−¼	7.36
PETRO-CANADA 7 1/4 96	200	102¼	102¾	−¼	6.62
QUEBEC HYDRO 9 3/4 98	150	111¼	111¾	−⅛	7.56
QUEBEC PROV 9 98	200	107½	108¼	−⅛	7.44
SAINSBURY 9 1/8 96	150	108	108⅜	−⅛	7.06
SAS 10 99	200	107⅝	108⅝	−⅛	8.57
SBAB 9 1/2 95	500	109¼	110¼	−⅛	6.19
SNCF 9 1/2 98	150	111¾	112¼	−⅛	7.17
STATE BK NSW 8 1/2 96	200	105½	106	−⅛	7.04
SWEDISH EXPORT 8 3/8 96	700	106¾	107¼	−⅛	8.83
TOKYO ELEC POWER 8 3/4 96	300	107¾	108¼	−⅛	6.69
TOKYO METROPOLIS 8 1/4 96	200	106½	107	−¼	6.62
WORLD BANK 8 3/8 99	1500	108¼	108¾	−¼	7.11
WORLD BANK 8 3/4 97	1500	109¾	110	−¼	6.56
XEROX CORPN 8 3/8 96	100	103¾	105	+¼	7.35
DEUTSCHE MARK STRAIGHTS					
BAPROVEN 11 1/8 95	200	100¾	101¼	+⅛	10.87
BK ECON USSR 7 96	750	68¾	69¼	−½	18.16
BULGARIAN TRADE BK 8 1/2 96	200	82¾	83¼	+¼	13.84
CZECH OBCHODNI BANKA 10 95	350	96¼	96½	+¼	11.29
DEUTSCHE FINANCE 7 1/2 95	1000	98¾	98¾	+⅛	8.12
EIB 5 3/4 98	400	90	90	+¼	7.84
EIB 6 7/8 95	300	96⅛	96⅜	+⅛	8.00
EUROFIMA 6 1/4 98	400	91¼	91¼	+¼	8.01
FIRST INTERSTATE 5 3/4 96	100	85	85	−⅛	10.20
IND BK JAPAN FIN 5 5/8 96	200	89¾	89¾	+⅛	8.53
IND DEV BK INDIA 6 3/8 94	200	88½	88½	+1	11.17
LUFTHANSA INT FIN 5 7/8 98	500	88¼	88¾	+1	8.23
NACIONAL FINANCIERA 11 95	150	100¾	101¼	−¼	10.64
NAT BK HUNGARY 8 96	200	91	91¼	+¼	10.46
QUEBEC HYDRO 6 3/4 99	300	91	91	+½	8.46
SWEDEN 6 1/8 98	300	91	91		8.02
WORLD BANK 0 15	2000	19¾	19¾		6.98
WORLD BANK 5 3/4 96	300	92⅛	92⅜	+⅛	7.88
WORLD BANK 7 1/8 95	500	98½	98¾	+¼	7.70
SWISS FRANC STRAIGHTS					
ASIAN DEV BANK 6 10	100	90½	91	+½	6.91
AUSTRIA 4 5/8 98	100	88½	89¼	−¼	7.01
CHUBU ELEC POWER 6 3/4 01	300	99½	100		6.82
COUNCIL EUROPE 4 3/4 98	250	89¼	89¾	−½	6.97
EEC 5 1/2 00	100	91	92	−¼	6.89
EIB 6 1/2 98	600	99¼	99¾		6.59
ELEC DE FRANCE 7 1/4 06	100	103	103½		6.91
FINLAND 5 3/8 95	150	95	96		6.91
GENERAL MOTORS 7 1/2 95	100	97½	98¼	−½	8.40
JAPAN DEV BK 5 1/2 94	100	98	98¼	+½	6.56
KOBE 6 3/8 01	240	97	97¼	+¼	6.80
NEW ZEALAND 4 7/8 99	200	86¾	87¼	−¼	7.34
QUEBEC HYDRO 5 08	100	75	76		7.76
WORLD BANK 5 03	150	85	85½		6.92
WORLD BANK 7 01	600	102¼	102½		6.66
YEN STRAIGHTS					
AUSTRIA 4 3/4 94	30000	99¼	99½	−⅛	5.15
CREDIT FONCIER 5 1/4 94	20000	99¾	99¾		5.48
DENMARK 7 95	40000	104¾	105¼	−⅛	5.23
EIB 4 5/8 94	40000	99¼	99½		4.97
ELEC DE FRANCE 5 5/8 96	20000	100¼	100⅝	−¼	5.56
FINLAND 6 3/4 96	50000	104	104½	−⅛	5.65
INTER AMER DEV 7 1/4 00	30000	110¼	110⅝	−⅛	5.65
KANSAI ELEC PWR 4 5/8 94	60000	98¼	98¾	−⅛	5.38
NIPPON TEL & TEL 5 7/8 96	50000	101¾	102	−⅛	5.44
NORWAY 5 1/8 95	50000	99⅛	99⅜	−⅛	5.25
SNCF 6 3/4 00	30000	107½	107¾	−⅛	5.57
SWEDEN 5 5/8 95	20000	100½	101		5.46
WORLD BANK 6 3/4 00	50000	108¼	108½	−⅛	5.49

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.76
COPENHAGEN TEL 8 5/8 96 LFr	600	98	98¾		9.25
WORLD BANK 8 96 LFr	1000	96¼	97½		9.11
ABN AMRO HOLDING 9 1/4 01 Fl	750	103½	103¾		8.67
UNILEVER 9 00 Fl	500	103¾	104¼		8.35
ALBERTA PROVINCE 10 5/8 96 C$	500	107¾	108	−¼	8.30
BELL CANADA 10 5/8 99 C$	150	108½	109		9.00
BRITISH COLUMBIA 10 96 C$	500	105¾	106	−⅛	8.35
EIB 10 1/8 98 C$	130	107½	108		8.58
ELEC DE FRANCE 9 3/4 99 C$	275	106	106½	−¼	8.63
FORD CREDIT CANADA 10 94 C$	100	102¾	103½	−¼	8.72
GEN ELEC CAPITAL 10 96 C$	300	105⅝	105⅞	−⅛	8.46
KFW INT FIN 10 01 C$	400	107	107½	−⅛	8.94
NIPPON TEL & TEL 10 1/4 94 C$	200	107¾	108⅛	−⅛	6.79
ONTARIO HYDRO 10 7/8 99 C$	500	109¼	109¾	−¼	8.99
OSTER KONTROLLBANK 10 1/4 99 C$	150	108	108½	−⅛	8.74
QUEBEC PROV 10 1/2 98 C$	200	107¾	108¼	−⅛	8.93
BELGIUM 9 1/8 96 Ecu	1250	101¼	101½	−⅛	8.74
CREDIT LYONNAIS 9 96 Ecu	125	98¾	99¼	+¼	9.38
DENMARK 7 5/8 96 Ecu	250	93	94	+¼	9.68
EEC 7 5/8 94 Ecu	200	97¼	97¾		9.09
EIB 10 97 Ecu	1125	105½	105¾		8.61
FERRO DEL STAT 10 1/8 98 Ecu	500	106	106¼	−⅛	8.79
ITALY 10 3/4 00 Ecu	1000	111¾	112	−¼	8.66
UNITED KINGDOM 9 1/8 01 Ecu	2750	104¼	104½	−⅛	8.41
BP AMERICA 12 1/4 96 A$	100	109¼	109¾	−¼	9.48
COMM BK AUSTRALIA 13 3/4 99 A$	100	118¼	118¾	−⅛	10.19
EKSPORTFINANS 12 3/8 95 A$	75	111¼	112¼	−⅛	8.22
EUROFIMA 14 5/8 94 A$	75	112¾	113¼	−⅛	8.36
MCDONALDS CANADA 15 95 A$	100	116	116½	−⅛	9.32
NAT AUSTRALIA BANK 14 3/4 94 A$	150	111⅝	112¼	−¼	8.42
STATE BK NSW 14 1/4 99 A$	100	117¾	118¼	−⅛	10.72
UNILEVER AUSTRALIA 12 98 A$	150	110¼	110⅝	−⅛	9.71
VOLKSWAGEN INTL 15 94 A$	100	111¾	112¼	−⅛	8.93
ABBEY NATL TREAS 13 3/8 95 £	100	106⅝	107⅛	−⅛	10.64
ALLIANCE & LEICS 11 3/8 97 £	100	101¼	101⅝	−⅛	11.02
BRITISH GAS 12 3/4 95 £	300	105⅝	106	−⅛	10.50
BRITISH LAND 12 1/2 16 £	150	104¼	104⅝	−⅛	12.31
DEUTSCHE BK FIN 11 94 £	225	101⅛	101½	−⅛	10.35
EIB 10 97 £	536.5	99⅝	99⅞		10.09
FINLAND 10 1/8 97 £	100	99⅝	100¼	−⅛	10.21
ITALY 10 1/2 14 £	400	100⅝	100⅞	−⅛	10.44
LAND SECS 9 1/2 07 £	200	86⅝	87¼	−⅛	11.33
NORWAY 10 1/2 94 £	200	100⅝	100⅞	−⅛	10.27
ONTARIO 11 1/8 01 £	100	103⅜	103⅞	−⅛	10.52
SEVERN TRENT 11 1/2 99 £	150	102⅝	103	−⅛	10.94
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅝	106	−⅛	10.97
TOKYO ELEC POWER 11 01 £	150	103¾	104¼	−⅛	10.34
WORLD BANK 11 1/4 95 £	100	102½	103	−⅛	10.28
ABBEY NATIONAL 0 96 NZ$	100	65¼	66¼	+¼	9.58
BNP 12 96 NZ$	50	109¼	110¼	−⅛	9.28
CEPME 10 95 FFr	2000	102⅞	103¼		9.08
ELF-AQUITAINE 9 99 FFr	600	100¼	101¼	−⅛	8.84
EURATOM 7 5/8 98 FFr	500	92¾	93¾		9.12

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.48	99.58	10.6425
BANCO ROMA 0.03 01	200	91.93	92.99	4.4050
BELGIUM 1/16 97 DM	500	99.96	100.06	9.5000
BFCE -0.02 96	350	100.29	100.39	4.9875
BNP 05	300	96.28	97.20	4.5625
BRITANNIA 1/10 96 £	150	99.05	99.24	10.6625
CCCE 06 ECU	200	99.92	100.02	10.1563
CITIZENS FED 0.15 96	100	99.42	99.88	5.9625
CREDIT FONCIER -1/16 98	200	100.43	100.53	5.3438
DENMARK -1/8 96	1000	99.77	99.87	3.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.04	9.5156
ELEC DE FRANCE 1/8 99	400	101.82	102.68	6.0625
FERRO DEL STAT 94	200	100.73	100.97	4.9375
HALIFAX 1/10 94 £	200	99.93	100.03	10.5325
IRELAND 98	300	99.57	99.67	4.4400
ITALY 00	500	100.83	100.96	4.5000
LEEDS PERMANENT 1/8 96 £	200	99.30	99.47	11.0000
LLOYDS BANK 1/10 PERP S.3	600	79.42	81.33	4.0375
MITSUI FIN ASIA 1/8 96	100	100.08	100.18	3.9375
MORGAN (JP) 1/4 97	250	99.44	100.19	5.2500
NAT WEST FIN 3/16 05	400	92.50	93.54	5.5000
RENFE 98	500	100.08	100.21	5.0000
SOCIETE GENERALE 96	300	99.64	99.76	5.6250
STATE BK VICTORIA 0.05 99	125	98.52	98.77	4.3625
UNITED KINGDOM -1/8 96	4000	100.03	100.06	4.2500
YORKSHIRE BS 1/10 94 £	165	99.35	99.64	10.5063

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	124½	128	
CHUBB CAPITAL 6 98	250	86	106¼	107½	+26.91
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	88	89½	+46.39
EASTMAN KODAK 6 3/8 01	300	50.67	103½	105	+10.68
GOLD KALGOORLIE 7 1/2 00	65	1.2554	81½	82½	+37.74
HANSON 9 1/2 06 £	500	2.9875	97¾	98¾	+27.74
HAWLEY 6 02 PREF	400	19.1	82¼	85¼	
HILLSDOWN 4 1/2 02 £	150	3.97	115¾	116½	
LAND SECS 6 3/4 02 £	84	6.72	82½	83½	+25.46
LASMO 7 3/4 05 £	90	5.64	74¾	75¾	+76.89
MITSUI BANK 2 5/8 03	200	2337½	86¼	88¼	+13.40
MOUNT ISA FIN 6 1/2 97	100	2.283	94¼	95¼	+25.15
OGDEN 6 02	85	39.077	82½	83½	+50.88
SMITH & NEPHEW 4 02 £	90	1.775	118¾	120	+42.55
SUMITOMO BANK 3 1/8 04	300	3606.9	67¾	68½	+27.41
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	89¾	90¾	
THORN EMI 5 3/4 04 £	103	7.45	118¾	119¾	+14.89

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Dollar sector demand remains high

By Tracy Corrigan

THE FLOW of new issues in the dollar sector showed little sign of abating yesterday as underwriters rushed to take advantage of demand which the World Bank's oversubscribed $1.5bn global offering last week had failed to satisfy.

However, the US Treasury market continued to weaken yesterday, creating a more uncertain environment. In addition, dealers were worried by increasingly ambitious yield spreads.

INTERNATIONAL BONDS

Credit Local's $500m 10-year deal, launched on Friday by Deutsche Bank, was officially priced at a spread of 28 basis points above the comparable US Treasury, while Denmark tapped the market for $200m of five-year paper priced to yield 20 basis points above the five-year Treasury.

Both deals were considered very aggressively priced – a good 5 basis points too tight, according to many dealers – and at current levels could prove a hard sell. Such pricing requires traders to take a view on the market: if the market moves favourably, the paper could become attractive.

But with spreads at historically tight levels, partly because of pent up demand for current coupon paper, dealers are unsure how great a premium investors will pay for paper trading at or below par.

Last week's World Bank offering of 10-year bonds tightened further yesterday to just four basis points above the US Treasury. Demand from Italian investors, for whom these bonds are tax exempt, may have boosted it.

Swiss Bank Corporation, which arranged the Denmark deal, reported demand from Swiss retail investors, as well as institutional players.

A $300m 12-year deal for the Republic of Austria, to be officially priced today, was launched yesterday at an indicated spread of 30 basis points above the 7⅛ per cent Treasury and considered fairly priced. Traders said it should be comfortably placed, reflecting continuing demand for dollar securities at the right price. Meanwhile, a C$1.5bn 10-year global deal for Ontario Hydro proved the most successful offering of the day, meeting strong demand in Japan, Europe and Canada. The deal was considered very fairly priced at 74 basis points above the comparable Canadian government bond.

A C$250m five-year deal for Deutsche Bank Finance met solid demand. Interest in Canadian dollar Eurobonds is boosted by a relative bulge in redemption payments of C$3.6bn this month.

In the D-Mark sector, the Kingdom of Norway brought a DM1bn five-year deal, silencing rumours of an offering in dollars or Ecu. Although the pricing was rather on the aggressive side, some institutional investors were attracted by the strength of the credit and the rarity of the name.

Elsewhere, Britannia Building Society became the fourth UK building society to issue permanent interest bearing shares or Pibs. The £60m of notes are only convertible into Pibs provided a rule change is passed at the society's general meeting in April. This form of issue, completed for the first time, may have allowed the society to access the market before other potential borrowers. Investors will hold higher-ranking debt if the agreement is not passed.

Elsewhere, Crédit National launched a FFr2bn issue of seven-year bonds via Crédit Commercial de France.

● Denmark is planning to launch an Ecu1bn offering of bonds listed on the Copenhagen Stock Exchange this year. The deal will be designed to target an audience of foreign investors, and will be underwritten mainly by foreign banks.

MOODY'S Investors Service, the US rating agency, yesterday lowered the foreign-currency debt rating ceiling for Finland from AA1 to AA2, writes Sara Webb.

The rating agency said Finland's debt service capacity deteriorated rapidly during 1991 as trade with the Soviet Union collapsed, demand from western export markets dropped, and the decline in domestic activity was greater than expected.

It added that demand for Finnish products was unlikely to recover quickly, given the weak growth outlook for the international economy this year.

The downgrading affects about $17bn of Finnish debt, according to Moody's.

In addition, Moody's said that it has lowered the long-term debt ratings for Finnish Export Credit Corporation, Municipality Finance and Postipankki, from AA1 to AA2.

MAP adopts indexation for 90% of its portfolio

By Norma Cohen, Investments Correspondent

MAP Fund Managers, formerly Paribas Asset Management, is altering its investment strategy and will now rely almost exclusively on indexation techniques in the management of its $2bn portfolio.

The change in name and management policy reflects the fact that an 80.1 per cent stake in the London-based company was recently taken by MAP Securities, a division of Corporacion Mapfre, Spain's largest insurance group. A 19.9 per cent stake of MAP Fund Managers remains in the hands of the fund management arm of Banque Paribas.

Mr Keith Bayliss, managing director, said that while Paribas Asset Management followed indexation techniques with roughly 10 per cent of funds under management, MAP would use indexation and "tilted" indexing techniques for more than 90 per cent of the portfolio.

Mr David Damant, formerly chairman of Paribas Asset Management and an expert on indexation, will be managing director of the new company.

Indexation is a method under which fund managers construct a basket of securities that replicates a stock market index, such as the FTSE-100 or the Standard and Poor's 100 index in the US. The portfolio should then perform closely in line with the index.

The technique does not require so-called active management under which fund managers research the prospects of individual companies and make selections based on analysis.

While indexation is widely used by fund managers in the US, it is little used in the UK, where active management is the more usual choice of fund managers who seek to maximise returns through individual stock selection.

Mr Bayliss said the pool of funds under management was expected to grow significantly through active soliciting for customers.

The company will specialise in managing funds for insurance companies.

Matushka poised to shed businesses in big shake-up

By David Waller in Frankfurt

MATUSHKA Group, formerly Germany's leading independent financial services group, is poised for a drastic restructuring which will leave the Munich-based group with less than a quarter of the 468 employees that it had at its peak barely two years ago.

Shareholders and partners in the group – which in the mid-1980s looked as though it could mount a serious challenge to the German banking establishment in its chosen areas – are today holding the first of three meetings to debate plans to sell off all the group's businesses apart from venture capital and corporate finance.

At the same time, they will consider proposals for a restructuring of the corporate shareholding. Institutional investors include Nomura, the Japanese securities house, General Electric Capital of the US, the French Suez group and Charterhouse, the UK merchant bank, which together with two other institutions took a total 25 per cent stake in Matushka in September 1989.

According to Mr Manfred Meyer-Preschany, the Frankfurt-based "corporate doctor" who has been acting chief executive at Matushka since June last year, it is certain that the proposed sale of the group's currency trading, property and portfolio management businesses will be sold off following the meetings.

Count Matushka: founder

"Quite frankly, there is an absolute need to do this," Mr Meyer-Preschany said in an interview with the Financial Times at the weekend. "In certain areas in the group there simply wasn't the bulk of business to justify the cost structure. The right relationship between cost and income just wasn't there, to put it mildly."

He refused to comment on details of the reshuffling of shareholders. It seems likely that some will take the opportunity to cut loose from the group, while at least one will increase its holding.

The Matushka Group takes its name from Count Albrecht Matushka, the maverick aristocrat who founded the group in 1970 and has over the years been a forthright critic of the German financial services sector and its domination by the large universal banks. His group was the nearest thing to an Anglo-Saxon financial services conglomerate in Germany.

At its peak, the group employed 468 people; now staff numbers are down to 136 and Mr Meyer-Preschany predicts that number will fall further to 90 to 95 by the beginning of next month. Profit figures have never been disclosed but it is understood that the group is budgeted to make an operating profit of DM5.8m for 1992, after taking into account non-recurring severance payments, on fee income of DM65m to DM66m. This is before interest on bank debt and on partners' loan capital.

Mr Meyer-Preschany, who played a leading role in restructuring AEG, the electrical group now owned by Daimler-Benz, before he left Dresdner bank's main board in 1984, says that Matushka Group is paying the price for over-reaching itself in the 1980s. "Ambitions to become a 'world-player' were unrealistic," he says.

The Count, who is likely to remain with the rump of the group, could not be contacted yesterday.

Bass preference offer to stand

By Richard Waters

BASS, the UK brewing group, intends to proceed with an offer to repay holders of its 4 per cent preference shares less than they are formally entitled to under its articles of association, despite objections from one small holder.

The offer, of 57.5p a share, will only go ahead if holders agree to vary their rights at a special meeting convened for later this month, said Ms Gisela Gledhill, company secretary. Under Bass's articles, preference shareholders are entitled to repayment at par – £1 – in a winding-up or reduction in the group's capital.

The offer for the shares, which compares with a previous market price of 38p, was made after taking advice from J. Henry Schroder Wagg, the merchant bank, and consultation with institutional holders.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
MBL Fin.(Curacao)(b)†	780	7	100	2002	2/1¼	Mitsubishi Finance Int.
Credit Local de France(a)†	500	7⅛	98.96	2002	32.5/20bp	Deutsche Bk Cap.Mkts.
Credit Lyonnais(c)†	250	5¾	99.82	1995	25/15bp	Credit Lyonnais
Kingdom of Denmark(a)†	200	6⅞	101.225	1997	1⅞/1¼	SBC
CANADIAN DOLLARS						
Ontario Hydro(d)†	1.5bn	8⅝	99.35	2002	⅜/¼	(d)
Deutsche Bk Fin.(a)†	250	7¼	99.005	1997	1⅞/1¼	Deutsche Bk Cap.Mkts.
STERLING						
Britannia Bldg.Soc.(e)§†	60	13	100.423	(e)	1⅞	Hoare Govett Corp.Fin.
FRENCH FRANCS						
Credit National(a)†	2bn	8¾	100.915	1999	1⅞	CCF
D-MARKS						
Kingdom of Norway(a)†	1bn	8¼	102¼	1997	2/1¼	Deutsche Bank
FIH Fin.for Danish Ind.(a)†	200	8⅞	101⅞	1999	2¼/1½	WestLB
Fukuya Co.(a)★★†	40	9⅛	101⅞	1997	-	Mitsubishi Bk GmbH
YEN						
Hoda Motor Co.(a)†	30bn	6	101½	1999	1⅞/1¼	Nikko Europe
Honda Motor Co.(a)†	30bn	5.9	101½	1997	1⅞/1.725	Nomura Int.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable at par from 21/1/97. c) Investor's option to increase issue by 20% no later than 20/1/92. d) Global issue. Joint book runners - Goldman Sachs, IBJ, Merrill Lynch, RBC Dominion and ScotiaMcLeod. Coupon payable semi-annually. Non-callable. e) Undated subordinated notes, mandatorily convertible into Permanent Interest Bearing Shares (PIBS).

Index opens on Madrid exchange

By Tracy Corrigan

FUTURES and options contracts on a new index of Spanish stocks will start trading today on Meff, the Spanish futures and options exchange in Madrid. The Ibex 35 index is made up of the 35 most active Spanish stocks. The index, initially named Fiex 35, started trading in December 1990.

Sixteen houses will make markets in the index contracts traded on Madrid's Meff, formerly known as Moffex. The exchange will trade all equity-related products under the umbrella of a holding company. Meff in Barcelona lists fixed-income instruments.

The holding company is expected to be legally registered later this month, an official said.

Meff in Madrid plans to launch individual stock option contracts later this year, probably in the summer, depending on the performance of the index products.

MoF considers licences move

JAPAN'S Ministry of Finance (MoF) may grant investment trust management licences to investment advisory companies, Reuter reports.

The idea is expected to be incorporated into the reform proposals made by the Securities and Exchange Council, an advisory panel to the MoF. The proposals will be submitted next month at the regular session of parliament. The investment trust management business has been limited to securities houses so far.

If investment advisory firms receive the licences, their holding companies may gain an opportunity to enter the investment trust management field through their subsidiaries.

However, sales of investment funds are seen unlikely to be opened to investment advisory companies, with brokerage houses continuing to monopolise investment funds' sales by also marketing funds formed by investment advisory firms.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Jan 10 Index No.	Thu Jan 9 Index No.	Wed Jan 8 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (178)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	689.14
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	935.11
3 Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Engineering-Aerospace (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	382.38
7 Engineering-General (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	351.45
8 Metals and Metal Forming (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (188)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Hotels and Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 Media (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging, Paper & Printing (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Business Services (16)	1406.12	+1.4	7.14	4.66	17.81	0.00	1386.62	1394.37	1381.67	977.64
42 Chemicals (21)	1394.19	+0.1	7.24	5.25	17.07	0.19	1392.40	1402.38	1392.91	1023.67
43 Conglomerates (11)	1276.15	+0.1	11.80	8.13	10.29	0.10	1275.07	1289.48	1279.51	1223.16
44 Transport (14)	2335.06	+0.5	5.49	4.84	23.96	0.00	2322.34	2350.92	2332.83	1818.43
45 Electricity (16)	1125.02	-2.7	16.12	6.61	8.07	11.22	1156.75	1177.16	1166.28	995.27
46 Telephone Networks(4)	1367.08	-1.5	11.48	4.59	11.38	15.96	1388.29	1390.43	1383.17	1103.48
47 Water(10)	2201.03	-1.2	19.40	7.22	5.68	0.00	2228.20	2212.37	2180.98	2138.32
48 Miscellaneous (23)	1789.24	+0.7	5.56	5.46	24.75	0.00	1777.65	1799.40	1776.56	1514.28
49 INDUSTRIAL GROUP (481)	1259.35	+0.3	8.51	4.62	14.69	2.32	1255.40	1263.87	1249.40	1004.78
51 Oil & Gas (19)	2137.44	+1.2	11.97	6.56	11.05	0.00	2112.52	2133.83	2101.56	2237.84
59 500 SHARE INDEX (500)	1338.06	+0.4	8.90	4.83	14.16	2.19	1332.58	1342.07	1326.15	1106.19
61 FINANCIAL GROUP (87)	697.96	-0.1	–	6.67	–	0.00	698.72	707.91	704.85	676.17
62 Banks (9)	825.54	-0.4	4.78	6.43	41.41	0.00	828.96	837.60	828.96	705.38
65 Insurance (Life) (6)	1412.05	+0.5	–	6.05	–	0.00	1405.61	1429.85	1445.80	1242.10
66 Insurance (Composite) (7)	497.70	+1.1	–	8.76	–	0.00	492.44	509.27	510.40	589.36
67 Insurance (Brokers) (10)	958.99	+0.5	8.40	6.97	15.68	0.00	953.77	961.62	953.74	967.63
68 Merchant Banks (7)	449.31	-0.7	–	4.77	–	0.00	452.29	454.76	450.41	333.26
69 Property (34)	761.42	-0.9	7.21	6.06	19.76	0.00	768.57	771.84	767.69	929.48
70 Other Financial (14)	232.61	.....	11.47	7.68	11.00	0.00	232.67	232.98	233.33	239.67
71 Investment Trusts (68)	1166.59	.....	–	3.73	–	0.38	1166.17	1164.64	1149.58	955.35
99 ALL-SHARE INDEX (655)	1186.22	+0.3	–	5.02	–	1.67	1182.19	1191.18	1178.08	1000.17

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Year ago
FT-SE 100 SHARE INDEX♦	2490.1	+12.2	2491.6	2456.9	2477.9	2497.9	2467.1	2482.9	2493.2	2080.8

FIXED INTEREST

PRICE INDICES	Mon Jan 13	Day's change %	Fri Jan 10	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	121.79	-0.07	121.99	2.13	0.11
2 5-15 years (27)	136.00	-0.35	136.48	2.91	0.00
3 Over 15 years (9)	145.00	-0.25	145.36	1.96	0.00
4 Irredeemables (6)	160.23	-0.24	160.62	1.76	0.00
5 All stocks (68)	133.83	-0.25	134.20	2.57	0.04
Index-Linked					
6 Up to 5 years (2)	168.00	-0.03	168.06	1.05	0.00
7 Over 5 years (9)	148.21	-0.32	148.68	0.63	0.27
8 All stocks (11)	149.82	-0.27	150.23	0.68	0.23
9 Debs & Loans (82)	115.88	-0.14	116.14	2.51	0.09

AVERAGE GROSS REDEMPTION YIELDS			Mon Jan 13	Fri Jan 10	Year ago (approx.)
	British Government				
1	Low	5 years	8.97	8.85	10.02
2	Coupons	15 years	9.33	9.30	10.11
3	(0%-7¾%)	20 years	9.33	9.30	10.18
4	Medium	5 years	9.77	9.71	10.92
5	Coupons	15 years	9.45	9.39	10.50
6	(8%-10¾%)	20 years	9.38	9.34	10.33
7	High	5 years	9.98	9.92	11.05
8	Coupons	15 years	9.53	9.47	10.68
9	(11%-)	20 years	9.44	9.40	10.48
10	Irredeemables	†	9.53	9.50	10.32
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.03	4.01	3.81
12	Inflation rate 5%	Over 5 yrs.	4.35	4.33	4.18
13	Inflation rate 10%	Up to 5 yrs.	3.42	3.40	2.56
14	Inflation rate 10%	Over 5 yrs.	4.18	4.16	4.01
15	Debs &	5 years	11.13	11.06	12.55
16	Loans	15 years	10.95	10.90	12.34
17		25 years	10.77	10.74	12.13

♦Opening index 2465.1; 9 am 2466.5; 10 am 2474.5; 11 am 2481.3; Noon 2486.6; 1 pm 2490.2; 2 pm 2490.3; 2.30 pm 2487.0; 3 pm 2488.1; 3.30 pm 2488.2; (a) 1.56pm (b) 8.41am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	72	7
Other Fixed Interest	1	9	8
Commercial, Industrial	317	275	900
Financial & Property	99	126	567
Oil & Gas	26	14	51
Plantations	1	0	9
Mines	36	35	81
Others	60	33	50
Totals	542	564	1,673

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or -
43	Nil	17/2	5pm	3pm	Anglo Irish Bank	3pm	
34	Nil	13/1	4pm	½pm	Cliff Resources	½pm	
235	Nil	27/1	26pm	11pm	Hartstone	13pm	+2
415p	Nil	28/2	116pm	100pm	Northern Foods	108pm	+1
77½	Nil	20/1	1½pm	¼pm	River & Merc. Cap.	¼pm	
105½	Nil	20/1	1½pm	¼pm	Do. Inc.	¼pm	
113½	Nil	20/1	4½pm	3pm	Do. Stpd. Pf	3½pm	-½
17½	Nil	20/1	1½pm	¼pm	Do. Warrants	¼pm	
125	Nil	10/2	¼pm	¼pm	Tottenham Hotspur	¼pm	
148	Nil	10/2	20pm	15½pm	Unichem 10p	20pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ◊ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. # Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Jan. 6
● Last Dealings Jan. 17
● Last Declarations Apr. 2
● For settlement Apr. 13

3-month call rate indications are shown on this page.

Calls in ACT, Aviva Pet., Barratt Devs., British Telecom partly-paid shares, Benson Group, INSTEM, Kunick, Medeva, Midland & Scot. Res. and Next.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
		Jan	Apr	Jul	Jan	Apr	Jul
Allid Lyons (*648)	600	50½	73½	81½	2	12	23½
	650	15	45	53½	15½	34½	45½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS			PUTS		
		Feb.	May	Aug.	Feb.	May	Aug.
BAT Inds (*627)	600	35½	47½	56½	6½	19	26½
	650	8	21½	32½	28	42	50½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*359)	330	35½	37½	42½	6	9½	16½
	360	16½	22	26	20½	23	30½
Blue Circle (*222)	220	27	32	34	4	8½	11½
	240	7	12	17	22½	29½	32½
British Gas (*242)	240	9½	14	18½	11½	18	19½
	260	3¼	7	11	24½	29½	30½
Dixons (*215)	200	20	30½	32½	4	9	11½
	220	11	19½	22½	14	17	21
Eurotunnel (*450)	420	48	67	80	12½	21½	27½
	460	26	46½	65	28½	40	47½
Glaxo (*926)	900	63½	98½	123	32½	45½	58½
	950	36½	71½	98½	56½	68½	79½
Hawker Sidd. (*753)	750	13	27½	–	26½	30½	–
	800	3	8½	–	–	–	–
Hillsdown (*157)	140	19	24½	25½	3½	7½	8
	160	6½	11½	15	10	16	18½

Option		CALLS			PUTS		
		Jan	Apr	Jul	Jan	Apr	Jul
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*479)	460	19½	27½	39	2¼	14½	17½
	500	1¼	9	20	22	38	41½
Storehouse (*107)	100	7½	12	14½	2¼	5	8½
	110	2	7	8½	5½	9½	12½
Trafalgar (*129)	120	9½	19	21½	1¼	8	13
	130	4½	14½	16½	5½	12½	18
Utd. Biscuits (*417)	390	27½	38½	44	½	7	11½
	420	5½	19	28	7½	21	23
Unilever (*893)	850	44½	68½	80½	2	17½	21
	900	8	37½	53½	14½	38½	43½
Ultramar (*281)	280	5½	17	–	7½	23½	–
	300	2	11½	18½	21	34	–

Option		CALLS			PUTS		
		Feb.	May	Aug.	Feb.	May	Aug.
Brit Aero (*322)	300	26½	31½	37½	6	18½	23
	330	11¼	17½	23	18	37½	40
BAA (*550)	500	56	73	78	1¼	8	11½
	550	18¼	40	47½	16½	22	30

FT-SE INDEX (*2490)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jan	214	164	117	76	42½	20	8½	3½
Feb	229	185	144	105	73½	48½	30	18
Mar	253	211	170	134	102	76½	56	39½
Apr	268	229	188	154	122	96½	74½	54½
Jun	298	–	223	–	155	–	103	–
Dec †	365	–	295	–	230	–	180	–
PUTS								
Jan	5	8	13½	22	39½	70	112	162
Feb	15	20	28½	40½	59	87	123	163
Mar	25	31½	42	56½	76	100	131	168
Apr	33	42	52	69½	89½	112	142	173
Jun	47½	–	77½	–	105	–	157	–
Dec †	70	–	95	–	130	–	180	–

January 13 Total Contracts 18,232
Calls 9,053 Puts 9,179
FT-SE Index Calls 2,716 Puts 1,964
Euro FT-SE Calls 105 Puts 359
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	42	Ladbroke	19	Sears	8½	**OILS**	
Allied-Lyons	50	Comm Union	34	Legal & Gen	30	SmKl Bchm A	70	Aviva Pet	1½
Amstrad	4	Courtaulds	40	Lex Service	16	TI	41	BP	30
Astec (BSR)	5	Eurotunnel	40	Lloyds Bank	24	TSB	8	Burmah Castrol	38
BAT Inds	48	FKI	5	Lonhro	18	Tesco	15½	Conroy Pet	4
BOC	49	FNFC	5	Lucas Inds	11	Thorn EMI	59½	Gaelic Res	½
BTR	33	Forte	20	Marks Spencer	22	T & N	10½	Premier Cons	4
Barclays	24	GKN	24	Midland Bank	17	Unilever	78	Shell	41
Blue Circle	18	Gen Accident	37	NatWest Bank	21	Vickers	13½	Tuskar Res	1½
Boots	33	GEC	15	P & O Dfd	35	Wellcome	80	**MINES**	
Bowater	54	Glaxo	64	Racal Elect	4½	**PROPERTY**		RTZ	38
Brit Aerospace	18	Grand Met	70	RHM	20	Brit Land	20½		
British Steel	5	GRE	11	Rank Org	47	Land Sec.	38		
Brit Telecom	25	Hanson	15	Ratners	6	MEPC	33		
Cadburys	34	ICI	88	Reed Intl	42	Mountleigh	3		

UK COMPANY NEWS

Ellis & Everard declines 29%

By Peggy Hollinger

ELLIS & EVERARD, the chemicals distribution company, yesterday reported its first profits decline in 10 years, with the interim return down 29 per cent to £7.5m.

Mr Peter Wood, managing director, warned that conditions continued to be difficult in the second half, and said it was likely that the group would report lower profits for the full year.

"We assume that the underlying level of demand will remain depressed for the remainder of the financial year," he said.

The impact of the recession on the group's non-core, higher margin businesses – swimming pool chemicals and surface cleaning products – took the heaviest toll. These operations accounted for about £1.5m of the overall £3m decline in profits.

The US, where operating profits fell by about 24 per cent, accounted for a further £1m of the pre-tax decline. The remaining profit fall was due to losses of about £400,000 at the Spanish operations.

Mr Michael Marshall, chairman, said the group had concentrated on reducing costs in the first half and had maintained them virtually at 1990 levels. This would imply that £1.5m had been trimmed from total costs – before acquisitions, said Mr Wood. Some 5 per cent of jobs had also been cut.

Mr Wood stressed that the performance of the core UK commodity chemicals businesses had proved the group's long-held maxim that distribution companies benefited in times of recession. The theory is that customers will switch to buying smaller quantities from distributors rather than in bulk from manufacturers.

In the UK, profits declined by just 2 per cent, he said. In the US, chemical distributors form a larger share of the overall chemicals market, and thus do not benefit as much from an economic downturn.

Acquisitions, which were largely responsible for the 10 per cent increase in group sales to £198m, contributed little to profits.

Mr Wood said the group saw its future growth and focus in the "heartland commodity chemicals business". However, he would not be drawn on whether the group intended to put the non-core businesses up for sale.

Interest charges rose from £200,000 to £1m. Mr Wood said debt – about £16m at the half year, or 25 per cent geared – would be reduced by the year-end. Earnings per share fell by 30 per cent to 6.7p. The interim dividend is held at 2.25p.

Michael Marshall: concentration on reducing costs

● **COMMENT**

It looks like this will be a dull year for Ellis & Everard. At least the declines of the second half have been halted. The group appears to be bumping along the bottom – a condition it might be able to maintain for some time yet. Ellis & Everard has maintained its market share and simply has to wait for things to get better, along with everyone else. Forecasts for the full year are pitched at £14m, making a prospective p/e of about 15. This looks a little high for the moment, given the economic uncertainty.

Cabra arm issues writ against Chelsea FC

By Jane Fuller

A HIGH Court writ has been issued against Chelsea Football Club demanding that it pay £22.85m to buy its Stamford Bridge ground in west London.

Mr John Duggan, chairman of Cabra Estates, the property company that owns the ground, repeated yesterday that Chelsea would be evicted if it did not complete the purchase.

The writ was obtained by SB Property Company, a subsidiary of Cabra. Mr Duggan said he had arranged for it to be served on Friday. This would give Chelsea until January 23 to pay or contest the claim.

Cabra said the independent valuation of £22.85m, in late November, had finalised a contract for Chelsea to buy the ground. In March Cabra had net debts of £52m.

Mr Duggan said yesterday: "I want to get paid and to take the shortest route so that I do get paid. If they don't pay, we will kick them out."

Mr Duggan added that "fruitful discussions" had continued with Chelsea. He had had lunch with Mr Ken Bates, Chelsea's chairman, on Friday.

The parties had exchanged promises "not to be controversial". Mr Duggan understood that Mr Bates had gone to Hong Kong as part of his efforts to raise the money. He also believed there had been some talks with a UK bank.

Mr Bates was described by his public relations aide as being "on a working holiday for three weeks". He had left on Sunday and the Far East was thought to be on the itinerary, as well as a cruise ship.

Mr Bates has contended that the net amount to be paid for the Stamford Bridge site could be reduced by such factors as: £5m from Fulham FC, a potential ground sharer; the value of Chelsea's stake in SB Property; and a settlement of Chelsea's outstanding legal actions against Cabra.

BP to spend $200m appraising potential of Colombian field

By Deborah Hargreaves

BRITISH PETROLEUM has stepped up efforts to evaluate its Cusiana oil find in Colombia, potentially one of the world's largest oil discoveries containing as much as 2bn barrels of oil.

The company is to spend $200m (£112m) on drilling new wells in the region to appraise the Cusiana field – which it discovered last year – and to look for oil in the surrounding area.

BP has highlighted the importance of its Colombia find by assigning Mr David Harding – currently head of exploration in Europe – to head the programme in Colombia and lead the company's South American operations.

The company also plans to expand its workforce in the region from 120 to 500 people by the end of the year.

Mr John Browne, BP Exploration chief executive, called the planned appraisal programme a "very considerable undertaking," which over the course of the year would establish a reliable estimate of recoverable reserves.

The company plans to have 10 drilling rigs operating in Colombia this year.

BP has a 40 per cent stake in the Cusiana field, with French group Total holding another 40 per cent and Triton, a US independent oil and gas company, 20 per cent.

Under Colombian licencing terms, the state oil group Ecopetrol has the right to take a 50 per cent interest if a discovery is developed.

BP needs a substantial discovery to boost its portfolio of reserves, most of which are concentrated in the mature oil-producing areas of the North Sea and Alaska.

Morgan Stanley to sue over £100m Canary Wharf deal

By Vanessa Houlder, Property Correspondent

MORGAN STANLEY, the US bank, is suing Olympia & York, the Canadian developer, over the timing of a deal worth more than £100m.

The dispute centres on Morgan Stanley's office block – at Canary Wharf in London's Docklands – which was the subject of a sale and leaseback agreement with Olympia & York in 1990.

Morgan Stanley claims that it should have already received the proceeds from the sale and leaseback. Olympia & York, however, believes that it is not required to complete the deal until the end of June.

The companies are not arguing about the sum involved, which they would not disclose. The dispute concerns the interpretation of an option agreement, which Morgan Stanley believed it had the right to exercise at the end of last year.

Olympia & York has also taken Morgan Stanley to court to press its own interpretation of the agreement. The two sides are attempting to reach a settlement out of court, although there is no sign of an imminent conclusion.

Thornton agrees £14.6m Bromsgrove bid

By Paul Cheeseright, Midlands Correspondent

BROMSGROVE Industries, the Birmingham-based specialist engineering conglomerate, yesterday announced its expected agreed takeover of GW Thornton Holdings.

The shares or cash deal values the Sheffield-based engineer at £14.6m. Bromsgrove also announced a fully underwritten 1-for-4 rights issue at 105p per share to raise £10.75m. This should eliminate gearing, which, at the end of last September, was 31 per cent.

The new shares, both those issued through the rights and those issued to Thornton shareholders, will attract a fractionally higher final dividend for 1991-92 than Bromsgrove paid in the previous year. A proposed final of 2.5p brings the year's total to 4p (3.9p) on the enlarged capital.

The acquisition terms, which because of their acceptance by Thornton directors, advised by Henry Cooke Corporate Finance, mean that Bromsgrove has control of 55 per cent of its target's equity, are seven new Bromsgrove shares for every four Thornton; this values each Thornton share at 220.15p against a suspension price on January 6 of 150p. There is a cash alternative of 200p per share.

Responding to the suggestion that such a price looked expensive in historical terms, Mr Steven Mills, Bromsgrove chief executive, said "In prospective terms we have not undertaken acquisitions which have been earnings-diluting."

The main attraction of Thornton for Bromsgrove is its precision forging side. Thornton's aerospace activities dovetail with those of Bromsgrove, while at the same time, Thornton's manufacture of orthopaedic equipment like hip and knee joints takes Bromsgrove into a new engineering sector.

The acquisition would have lifted gearing to an unhealthy level. Hence the rights issue, underwritten by Albert E Sharp. The rights price compared with Bromsgrove's suspension price on January 6 of 131p.

Thornton, in the year to last September, made pre-tax profits of £1.6m.

Excalibur static at £2.01m

By Andrew Bolger

EXCALIBUR GROUP, the jewellery manufacturer, music merchandiser and engineer, yesterday played down its reliance on retail jewellery when reporting flat interim profits.

The group said it agreed with last week's estimate by the Ratners Group that sales were down about 15 per cent over the Christmas period, but said only about a fifth of its annual jewellery sales of £20m went to the troubled retail chain, Britain's biggest.

Excalibur's pre-tax profits were £2.01m, compared with £2.05m, although sales for the six months to October 31 rose from £30.9m to £33.4m.

The group said difficulties in the jewellery market were offset by solid performances in giftware and merchandising.

In precision engineering, the aerospace business performed well in difficult circumstances, with customers putting pressure on margins. The order book was satisfactory, and the group was optimistic that the worst of the recession had passed for this division.

In industrial products, the group had decided to withdraw from the low-margin transmission business undertaken by its Clarke and Hi-Ton operations. Costs of £983,00 associated with this closure were taken as an extraordinary item.

Gearing at the half-year was 69 per cent. Interest charges fell from £1.2m to £1m.

Because of an increased number of shares in issue following a £8.5m rights issue, earnings per share fell from 3.4p to 2.4p. The interim dividend is held at 0.4p.

Recession leaves Evode halved at £7.3m

By Michiyo Nakamoto

EVODE GROUP, the adhesives, coatings and plastics concern, continued to suffer from a harsh trading environment which resulted in halved pre-tax profits of £7.3m for the year to September 28, against £15.2m.

Turnover was higher at £279m (£271.4m), although the figure fell by 6 per cent if divestments and acquisitions last year are taken into account.

After dividend payments, the group incurred a retained loss of £1.8m, against profits of £3.2m, for the year.

The group, which derived 47 per cent of sales last year in the UK, said that the UK economy was in a worse state than that of the US or Australasia. Overseas trading had improved in the second half of last year, but a recovery in the UK could not be expected unless confidence improved, Mr David Winterbottom, group chief executive, said.

The group is recommending a lower final dividend of 1.8p making a total of 3.58p (6.42p). Fully diluted earnings per share were 3.8p (11.4p) or 0.5p (10.6p) basic.

The industrial coatings division was affected by the 17 per cent fall in the UK powder coatings market. Last year was the first time in 10 years that there has been anything but steady growth, Mr Winterbottom said.

The footwear division suffered not only from recession in the UK but from the disappearance of the Iraqi market which it supplies, due to the Gulf war.

In addition, Evode was still suffering the effects of its acquisition of Chamberlain Phipps, the shoe components group, in 1989 for nearly £89m. Partly as a result gearing has risen to 78 per cent with net debt of £46.1m (£41.8m).

● **COMMENT**

The outlook for companies heavily dependent on UK markets remains very uncertain and Evode is rightly cautious about prospects for the current year. It is unfortunate that it has had to spend so much time and expense sorting out problems at Chamberlain Phipps just as business was hit by the recession. That exercise left Evode with an uncomfortably high level of gearing, which would be even higher at about 200 per cent if the preference shares are considered as debt.

Evode has managed to avoid passing its dividend this year, and looking ahead to when that UK recovery comes, it has all the catchings of a strong recovery play. But until there is some evidence of possible disposals to cut borrowings and prospects of an uplift in the UK, there is little in the short term to move the shares above current levels.

With forecast pre-tax profits of £9m, and earnings per share of 3.8p the shares, at 56p, give a multiple of nearly 15 which is high enough.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Dalepak Foods	int	1.5	Apr 6	1.2	-	5
Ellis & Everard	int	2.25†	Mar 13	2.25	-	7.05
Evode	fin	1.8☆	Apr 1	4.64	3.58	6.42
Excalibur	int	0.4	Apr 1	0.4	-	1.6
Fletcher King	int	0.5	Mar 2	1.8	-	2.3
Hawtin	fin	0.86	Apr 6	0.825	0.86	0.825
Jacques Vert	int	2	Apr 6	4	-	10
Tomkins	int	3.22	Apr 9	2.8	-	9.86

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip option.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Aberforth Split Level, Barbour Index, Bucknall, Debenham Tewson & Chinnocks, Howden, Nobo, West Trust.

Finals- Burndene Invs, Crown Comms, Eurotherm Intl, Stakis.

FUTURE DATES

Interims-	
Budgens	Jan. 21
Colorvision	Jan. 15
Daejan	Jan. 21
Dale Electric	Jan. 27
Elbief	Feb. 11
Electric & General Inv	Dec. 18
McKay Securities	Jan. 22
MITIE	Jan. 23
Murray Income Trust	Feb. 25
Murray Smaller Markets	Jan. 29
Murray Ventures	Mar. 26
Shield	Jan. 31
Wood (John D)	Jan. 21
Zetters	Jan. 15
Finals-	
Hillsdown	Mar. 11
Intercare	Jan. 20
Kershaw (A)	Jan. 30
Low & Bonar	Feb. 24
Murray Intl	Feb. 27
PWS	Jan. 16
RCO	Jan. 28
Strata Invs	Nov. 28
Warner Estate	Jan. 30
Widney	Jan. 30

NEWS DIGEST

Dalepak jumps 42% at midway

"DESPITE the economic conditions being the worst in Dalepak Foods' 16-year history", the food manufacturer continued its steady progress with a 42 per cent jump in pre-tax profits in the six months to October 31 1991.

In the corresponding period they rose by 71 per cent and in the year to April 30 1991 by 57 per cent.

This time taxable profits of £1.71m (£1.2m) were struck on turnover fractionally ahead at £21.2m (£21.1m). Turnover in continuing activities was up 15 per cent, with Dalepak and Fawcetts, the frozen food businesses, rising 14 and 16 per cent respectively.

The company said that its traditional meat grillsteak market grew 8 per cent in the half after several years of decline. The markets for its vegetable-based products grew rapidly, stimulated by new product launches and heavy marketing expenditure.

The interest bill fell to £15,000 (£148,000) and earnings emerged at 10.13p (6.99p) per share. The interim dividend is lifted to 1.5p (1.2p), an increase of 25 per cent.

Merchants Tst lifts third quarter pay-out

The Merchants Trust is lifting its third quarter dividend, for the year to January 31 1992, from 2.25p to 2.5p.

At the same time, the investment trust announced the appointment to the board of Mr Colin Black, chairman of Kleinwort Benson Investment Management and of Scottish Widows Fund and Life Assurance Society.

Real Time hit by delivery changes

Pre-tax profits at Real Time Control dropped from £661,000 to £507,000 in the half year to September 29 1991.

Turnover fell from £4.36m to £3m – but that could be attributed to a change in the timing of deliveries, said Mr Byron Carrell, chairman.

The principal contribution came from supplying electronic point of sale systems. The group entered the second half with a good order book and Mr Carrell is hoping for a full year result in line with last year's record £1.2m.

Earnings worked through at 4.9p (6.1p).

Fletcher King declines to £108,000

Fletcher King, the commercial estate agent and surveyor, saw pre-tax profits decline from £433,000 to £108,000 in the six months to October 31.

Mr David Fletcher, chairman, said that while the results were "disappointing by comparison with the corresponding period last year", they were "slightly higher than in the second half of the year".

He added that the property market in 1992 was likely to remain difficult and that in the first half political uncertainty would exacerbate an already fragile market.

The volume of transactions in the period under review fell by 18 per cent and as the value of properties handled also declined, turnover was adversely affected, falling from £3.77m to £2.68m.

Earnings fell to 0.8p (3.1p) per share. The interim dividend is cut from 1.8p to 0.5p.

Newcastle Bldg Soc profits grow 12%

Pre-tax profits at Newcastle Building Society rose by 12 per cent to £12.5m during 1991, up from £11.2m.

Total assets of the society, which ranked 30th by size in 1990, were £973m, up 14 per cent on 1990, and will reach £1bn by March 31 1992, the society said. Its free capital ratio rose to 4.57 per cent (4.39 per cent).

"These results show the strength of the medium-sized society and its ability to compete in the hardest markets. Only the strong can survive but with these results behind us we are confident that we can," said Mr Bill Midgley, group managing director.

COMPANY NEWS IN BRIEF

AUTOMATED SECURITY (Holdings) has acquired £2.4m nominal of 9.5 per cent convertible capital bonds 2006 of ASH Capital Finance (Jersey). The bonds will be cancelled, leaving £56.59m in issue.

BELLWINCH: Of the 12.7m shares available under the open offer to shareholders, 2.2m have been applied for.

CHEMEX INTERNATIONAL: Of the 58.9m ordinary shares offered by way of rights, 41.5m (70.4 per cent) were subscribed for by shareholders or their renouncees.

INCHCAPE reported that 89.3 per cent of its recent rights offer had been taken up.

REED INTERNATIONAL subsidiary IPC Magazines has formed a joint venture publishing company in Germany with Burda, the German publisher. The new company, MK Verlag, in which both parties have a 50 per cent holding, will be based in Munich.

SUTCLIFFE SPEAKMAN has sold the engineering fabrication division of Sutcliffe Crotshaw for about £688,000. The division incurred a loss of £500,000 for the nine months ended December 31 1991, principally because of lack of orders.

YOUNG GROUP: Of the offer of convertible preference shares, applications were received for 73.6 per cent. Mr Robert and Mr Alan Young renounced entitlement to 3.02m shares, so allowing 3i Group and Hambro European Ventures to become shareholders.

Correction

Group 4

Group 4 is an independent company. Owing to an editing error it was identified last Friday as a subsidiary of Mayne Nickless. The subsidiary is Security Express.

UK COMPANY NEWS

Finance director on 'paid leave' as dividend is halved to 2p

Jacques Vert plunges into the red

By Daniel Green

JACQUES VERT, the womenswear group, is replacing its finance director after falling sales and rising costs plunged the company into loss for the six months to October 26 1991.

The interim dividend is halved to 2p; the joint chairmen are waiving their dividend entitlement in respect of their 57.9 per cent stake in the company. The level of payment at the year-end will be "considered in the light of circumstances pertaining at the time of the preliminary announcement in July 1992", the company said.

The group incurred a pre-tax loss of £125,000, compared with a profit of £1.23m last time. The shares fell from 193p to 116p.

The company blamed "extremely tough" trading conditions for a fall in sales and a sharp rise in air freight charges following the Gulf war for the higher costs.

Sales at its 22 UK shops dropped by 6.5 per cent.

The result was a fall in gross margin from 43.4 per cent to 39.5 per cent. "We have now introduced an early warning system for margin control," said Mr David Tiedeman, managing director, yesterday. He said that the previous system for monitoring the margins "had failed".

The company said yesterday that "after three years with the group, latterly as finance director, Sashi Mylvaganam is no longer carrying out his executive duties."

Mr Tiedeman said Mr Mylvaganam was on paid leave and that a temporary replacement had been seconded from the company's auditors.

The board is undertaking a strategic review of the group's operations with particular emphasis on manufacturing, overheads and brand development.

Turnover for the six months slipped from £20.2m to £19.7m, and the company registered losses per share of 0.8p (earnings 8.1p).

With the tightening of cash management, gearing fell to 51 per cent (65 per cent).

Directors said that while there were "few signs of abatement in the recession", the second half of the year was traditionally stronger.

The company has nevertheless shelved plans to increase the number of shops beyond the current 25.

Robert Lowe back in black in second half

By Daniel Green

TIGHT CONTROL of money, production and sales helped Robert H Lowe, the Cheshire-based maker of leisure and childrens' wear and owner of the Baby-Gro brand, return to profits in the second six months of its year to end-October.

It reported a pre-tax profit for ongoing activities of £100,000, compared with a loss of £500,000.

Full year pre-tax losses fell from £1.26m to £297,000. The reported comparable loss was £453,000.

The figures continue a gradually improving trend and Mr Tony Cant, chief executive, sees 1992 as a year of further consolidation "against a difficult trading background".

Of the year under review he added: "We cut working capital, reduced stock losses and production overruns."

Falling interest rates helped cut the interest charge to £1.53m (£1.86m). The company also reduced its level of debt in October with a £3.4m rights issue and gearing has fallen from 167 per cent a year ago to between 90 and 100 per cent now.

"This is still too high and we are aiming for 50 per cent in another year," said Mr Cant. He added that the ultimate aim was zero gearing.

Trading profit for ongoing activities doubled from £600,000 to £1.23m Turnover for the year edged higher to £34m (£33.6m).

After a tax charge of £191,000 (credit £151,000) losses per share came out at 11.19p (9.11p).

The company is proposing passing its final dividend for the second year in succession. There was no interim dividend.

At the time of the rights issue, the company said it did not foresee any dividend being paid for 1992.

There was an extraordinary charge of £500,000, compared with £700,000 income, reflecting the "final" costs of withdrawing from some business sectors, largely in the Irish market.

Swiss turn Polly Peck papers over to SFO

By Ian Rodger in Zurich

SWISS authorities have turned over more than 20,000 bank documents to the Serious Fraud Office in connection with its investigation of Polly Peck International.

The move demonstrates the Swiss desire to shed its reputation for shielding financial criminals, especially since Britain has refused up to now to sign mutual assistance treaties on criminal matters with Switzerland.

"What is interesting about this story is that the documents are going to Britain. I had not heard that the British were willing to co-operate with us," Mr Andreas Hubschmid, first secretary of the Swiss Bankers Association, said yesterday.

Mr Peter Cosandey, the Zurich district attorney, said that the documents concerned bank transactions worth more than SFr100m (£39.5m) adding that no bank accounts had been blocked as there was now no money in them.

He said that the records were transferred to the SFO in connection with charges of theft, fraud and false accounting laid against Mr Asil Nadir, the group's former chairman.

Trinity gets £27m for packaging side

By Ian Hamilton Fazey, Northern Correspondent

TRINITY International, the Chester-based publisher of the Liverpool Daily Post and Echo and local weekly newspapers in the US, Canada, north-west England and North Wales, is to sell its papermaking and packaging division to Danish Paper Packaging for £27m cash.

The division has been a big profit earnerbut has been struggling in the recession. It made £5.42m out of the group's £18.2m in 1990, compared with £6.05m out of £17.7m in 1989. The price paid by Danish suggest the 1991 performance will turn out below £4m.

Trinity had been deliberating about investing £15m-£20m to keep the business competitive. Its main product is the corrugated board used in cardboard boxes for bottled goods. Trinity went into the business in 1961, when it started to diversify out of its economically threatened Merseyside base.

With the packaging industry consolidating throughout Europe and becoming dominated by larger, specialised groups, Trinity decided to divest. It will continue to look for acquisitions to expand its core media interests.

Mr David Snedden, chief executive, said yesterday: "We could not be certain of adequately rewarding our shareholders by spending more money on papermaking and packaging. We intend to stick to the communications game."

Trinity yesterday also announced a series of senior appointments signalling the management succession of Mr Snedden, and Mr Christopher Czilinsky, managing director of the Liverpool Daily Post

Mr Philip Graf, group corporate development director, will become deputy chief executive next month. Mr Snedden retires next year. Mr Czilinsky, who retires in a few weeks, will be succeeded by Mr Leo Coligan.

Last year Trinity backed Mr Phil Redmond, the television programme-maker, in his rejected bid for the Granada TV franchise. It also applied to the Monopolies and Mergers Commission for permission to bid for Southern Newspapers, the Southampton-based printing, property and publishing group.

This led to Reed, Emap, and Westminster Press part of Pearson, owner of the Financial Times also seeking clearance to bid. But the price of Southern's shares then rose to 295p, so no bid was made. The price has since fallen to 245p. The groups can again decide whether to bid in the summer, after a six-month interval.

Property and building products hit Hawtin

By Anthony Moreton, Welsh Correspondent

HAWTIN, the Cardiff-based leisure, building products and property group, saw pre-tax profit drop 7 per cent, from £1.5m to £1.4m, in the year to September 30 1991.

The leisure and fitness side, now the largest division, had performed well, said Mr Phillip Dovey, managing director, and its current trading was better than expected helped by recent acquisitions such as Ultrabronz and Aston ocean.

However, the property and building materials side took a beating last year and Hawtin was looking to reduce this sector while seeking to expand its leisure and fitness businesses, together swith the associated textiles concern whose output was largely aimed at the leisure industry.

Income from rents in the property division was ahead "substantially," Mr Dovey said, but there was no profit on property sales. The building products side suffered its worst trading conditions ever, but managed to stay in profit.

Earnings slipped to 1.71p (1.75p). The proposed dividend is 0.86p (0.825p).

Blockbuster's Cityvision offer meets opposition

By Norma Cohen, Investments Correspondent

SHAREHOLDERS in Cityvision, the video hire chain, have been approached by a former executive who is urging a plan intended to provide an alternative to the £75m agreed offer from Blockbuster, the US-based video hire chain.

Mr Ray Hipkin, a founder of Cityvision's Ritz chain, and Mr Philip Crane, a former video shop entrepreneur who sold out to Cityvision, met with several institutional shareholders last week to outline a new management and marketing strategy.

The two are said to be critical of the current management, arguing that it had failed to capitalise sufficiently on the Ritz brand name.

Last month, the management agreed to a cash and shares deal from Blockbuster valuing the company's shares at 48p, well above the prevailing price. However, some shareholders were unhappy with the bid, believing Blockbuster would be acquiring the chain at its trough.

Mr Hipkin and Mr Crane are said to have presented shareholders with a marketing strategy, similar to that used in Scandinavia, which would encourage film studios to spend more to promote films on video. A detailed letter is expected to be sent to shareholders later this week outlining the proposals.

● Shares in Blockbuster Entertainment Corporation have been listed on the Stock Exchange. The company sought the listing in connection with its proposed acquisition.

Acceptances for Inchcape rights delayed in post

By Andrew Bolger

INCHCAPE, the international services and marketing group, said a delayed postal delivery resulted in a number of acceptances for the group's recent £376m rights issue being received two days after the final payment date.

The group said 952 provisional allotment letters for 1.59m stock units, representing 1.2 per cent of the shares on offer, were postmarked by the Royal Mail on or before January 3, but not delivered to Barclays Registrars until January 9, two days after the due date.

Inchcape said it believed it would be possible for the group to issue those affected with new shares, in lieu of the stock units they would have received, at the same cost.

Acceptances were received for 89.3 per cent of the issue by the due date.

● Internatio-Mueller Engineering, a Netherlands-based trading and transport concern said it was negotiating the sale of its Wm H Mueller shipping agency to Inchcape. Internatio said the sale would help it concentrate on engineering and trading activities.

COMMODITIES AND AGRICULTURE

Opec expected to agree formula for output cuts

By Mark Nicholson in Riyadh

GULF OIL industry officials were optimistic yesterday that the Organisation of Petroleum Exporting Countries would agree on a formula to cut output for the second quarter.

They expected the decision to be taken at Opec's next ministerial meeting on February 12, if, as expected, demand for crude of members states looked set to fall.

Moreover, an agreement to reduce output could take immediate effect after the meeting in Geneva. Saudi Arabia is prepared to cut its output, at present running at near capacity of 8.5m barrels a day, provided it does not have to bear the greatest part of any overall cut in output, the official said.

Opec agreed at its last ministerial meeting in Vienna in November to allow its 11 fully producing members to pump oil flat out for the first quarter of this year – rolling over a notional ceiling of 23.65m b/d from its September summit.

However, the Opec ministers deferred until the February meeting the more ticklish question of where to set output when demand for Opec oil is expected to soften.

A production-cutting deal in February would be unlikely to entail a return to a quota system as such.

Quotas were last formally agreed by Opec at its July, 1990, meeting, before the Iraqi invasion of Kuwait.

Rather, oil industry officials suggested, ministers might agree a flat-rate percentage cut to be made by all producers.

Algeria, which has been among the most vocal in calling for tighter Opec discipline, is understood to have signalled its readiness to agree to some such formula.

Saudi Arabia could favour such an approach, not least because this would preserve its augmented share of Opec output since the Gulf crisis.

Saudi oil now accounts for more than 36 per cent of Opec output, against less than 25 per cent before August 2, 1990.

The kingdom, which pumped 5.4m b/d under its July, 1990, quota, will also insist that cuts should be made based on production capacity, which now lies near 9m b/d for Saudi Arabia, since its accelerated expansion programme began during the Gulf crisis.

Kuwait, which is now lifting 550,000 b/d, will be exempted from any cuts to allow the emirate to recoup revenues lost during the crisis.

Iraq looks certain to remain sidelined during the second quarter, despite making some progress in recent talks with the UN on the export of $1.6bn worth of oil under a permitted exception to the oil embargo against Baghdad.

'West likely to build uranium flood barriers'

By Kenneth Gooding, Mining Correspondent

WESTERN GOVERNMENTS might take action to stem the flood of uranium imports from the former Soviet Union, which had sent prices plummeting to 40-year lows, Mr Phillip Crowson suggested yesterday.

He is chairman of a working party at the Uranium Institute that has produced the most detailed report ever on world uranium supply and demand. It suggests the uranium market would probably be in balance by the year 2,000 if it was not for exports from the former Soviet Union and China.

At present those countries aim to export a total of 6,000 tonnes of uranium a year, or roughly 10 per cent of world demand.

Mr Crowson, who is chief economic adviser at the RTZ Corporation, the world's largest mining company, pointed out that the former Soviet Union already faced dumping allegations in the US, while the European Community was seeking to "regulate" Soviet imports.

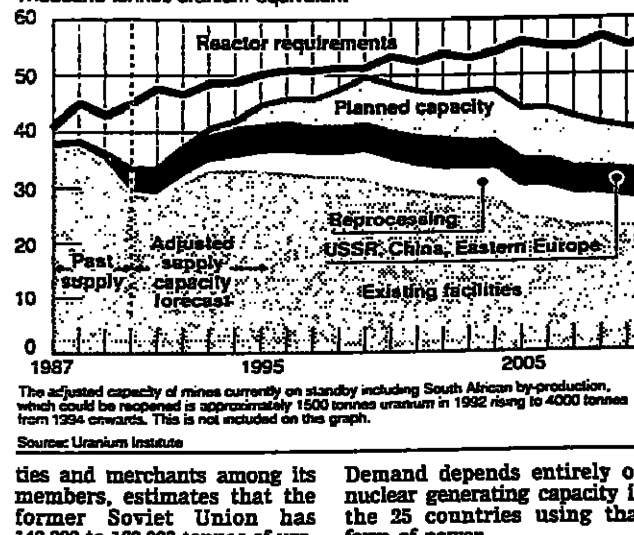
The institute, which includes most western producers, utilities and merchants among its members, estimates that the former Soviet Union has 140,000 to 160,000 tonnes of uranium in stock. But this excludes highly enriched uranium for military purposes.

Uranium has only one application – for nuclear energy. Demand depends entirely on nuclear generating capacity in the 25 countries using that form of power.

Spot prices of uranium oxide, at under $9 a lb, are now well below the production costs of most mines. Prices peaked at $45 a lb in 1978.

Uranium: supply and demand

Thousand tonnes uranium equivalent



The adjusted capacity of mines currently on standby including South African by-production, which could be reopened is approximately 1500 tonnes uranium in 1992 rising to 4000 tonnes from 1994 onwards. This is not included on the graph.

Source: Uranium Institute

Uranium mines recently closed down in Canada, the US and in some east European countries.

In 1990 mine output covered only 63 per cent of nuclear reactor requirements. The gap between the 28,340 tonnes produced and the 52,100 tonnes required by reactors was filled from stocks.

These built up in the 1980s because the industry's earlier forecasts about world economic growth, demand for energy and the amount of electricity to be generated from nuclear capacity were much too optimistic.

The report shows there are still "excess" stocks at utilities of 40,000 to 80,000 tonnes and about 17,600 tonnes held by producers.

The report forecasts that total world uranium requirements will grow by an annual average of 2.1 per cent to 64,000 tonnes in 2000. During the following ten years the growth rate will drop to 0.3 per cent to just over 66,000 tonnes in 2010. In comparison, mine output is forecast to rise from 28,340 tonnes last year to 32,600 tonnes in 1995 and then fall back to 22,900 tonnes by 2010.

"Overall it is reasonable to conclude that most of the excess inventories will have been drawn down by 1998-99, although some will continue in east Asia until 2005 and in Western Europe until 2010," the report suggests.

But there should be no shortages of uranium in the period to 2010, given that mines will have substantial spare capacity and that there are large stocks in China and the Soviet Union.

Also, the report says, "easing of east-west tensions has raised the possibility of the release of military nuclear material for use in civil reactors". It adds, however, "there are substantial hurdles to be overcome before this could occur and such transfers are most unlikely for several years at least".

"Uranium in the New World Market: Supply and Demand 1990-2010" £35 plus postage from the Uranium Institute, 68 Knightsbridge, London SW1X 7LT, England.

Zinc plant to close for refit

By Haig Simonian in Milan

NUOVA SAMIM, the metals group controlled by Italy's state-owned ENI energy and chemicals holding company, yesterday confirmed that its zinc smelter at Crotone in southern Italy was likely to be taken out of operation for a refit sometime in the first half of this year.

"We are just putting the final touches to the plan," said a Nuova Samim official. "There may be some delays, but it will probably be done before the middle of the year." Observers expect the refitting to take up to two years.

Reports of the closure of the plant, which was built in 1927 and has an output of about 100,000 tonnes a year, helped the London Metal Exchange zinc price for three months delivery to rally from yesterday's low of $1,095 a tone. The market is suffering from considerable overcapacity at present.

The plant came under state control last year, when Nuova Samim bought a controlling stake in Pertusola Sud, the company running the smelter, from its previous French owners. Another Italian state entity, GEPI, was already present as a minority shareholder.

The Crotone plant employs about 800 staff and is one of the larger zinc smelters in Europe. According to the Nuova Samim official, the refitting may be linked to a plan to increase its eventual capacity.

Little progress made at talks on banana trade

By Canute James in Kingston

LATIN AMERICAN and Caribbean banana producers have made little progress in their effort to resolve differences over their approach to the European market. But theyhave agreed to continue their discussions.

At a meeting in Belize at the weekend, government leaders and ministers sought to reconcile the Caribbean desire for a continuation of protected access when the single European market is created in just under a year, and the Latin American position that the market should be totally free to all producers.

Caribbean producers have said they cannot compete on an open market because their production costs are about one third higher than those of the Latin producers. The European Community has said Caribbean producers will be "no worse off" than they are now when the single market is created.

Mr John Compton, the prime minister of St Lucia, told the meeting that the banana industry was important to the small economies of the Caribbean islands, and that they needed continued privileged access to guaranteed markets in Europe.

Mr Roberto Rojas, Costa Rica's foreign trade minister, and Mr Juan Luis Miron, Guatemala's economy minister, said the banana trade should be deregulated and included in the current Uruguay Round of negotiations under the General Agreement on Tariffs and Trade.

A statement issued after the meeting said the Latin American and Caribbean countries recognised the social and economic value of the banana industry, and said the discussions would continue.

US wheat acreage cut

By Nancy Dunne in Washington

US FARMERS have this year reduced the acreage planted with winter wheat at a time when US stocks are their lowest in almost two decades.

A US Department of Agriculture report, released late on Friday, said farmers had reported planting wheat on 50.2m acres, down from 51m last winter.

Mr Barry Jenkins, vice president, communications, of the National Association of Wheat Growers, said farmers made their growing decision from August to October, when wheat prices were low, and it seemed they could do better planting soyabeans or maize in the spring. Furthermore, the USDA reduced the acreage reduction programme for wheat from 15 per cent to 5 per cent, a move that could have boosted production and sent prices down even further.

Since then, the effects of poor weather last summer has been pushing prices up.

Oman wants fishermen to cast their nets wider

Decades of over-exploitation of inshore waters have hit stocks hard, writes **Khozem Merchant**

OMAN'S FISHERMAN are casting their eyes – and nets – a little further afield these days. They are venturing into the fertile continental shelf, beyond the narrow strip of inshore water off the Omani coast where for decades fishermen have practised their trade.

This concentration of activity in inshore waters has led to huge over-fishing, notably of high-value lobsters and abalone in the south. The continental shelf offers a relative bounty: plenty of high-quality king-fish, tuna and Spanish mackerel.

Official concern at the over-fishing in 1990 prompted a joint survey by Oman and the UN Food and Agriculture Organisation of the country's 200-mile exclusive zone. The report will "form the basis of determining the total catch in Omani waters", says Mr Thabit Zahran al-Abdul Salaam, director of the Marine Sciences and Fisheries Centre, the Ministry of Agriculture and Fisheries' research arm.

"After so much over-fishing, we need to manage our resources in a more responsible manner otherwise they will be depleted; we must encourage fishermen to exploit the richer fields further away," he adds.

Poor quality wooden *houri* (boats) have for decades confined fishermen to inshore waters. In any case, few boats possessed any form of modern cooling and processing equipment, necessary for longer journeys. Also, lobsters and abalone, among the more sedentary fish in inshore waters, were easy targets for fishermen reluctant to change the ways of a lifetime.

Nevertheless, the government has over the past two decades tried to change age-old ways. It has offered generous incentives and loans for the purchase of high-quality fibreglass boats; distribution and marketing of fish has been improved; and several 200-tonne government-funded cold storage centres have been set up, some recently sold to the private sector in a bid to make it play a more active role in the industry.

Leading the way is Oman Fishing Company (in which the government has a quarter share), which was formed in 1989 with subscribed capital of OR12.5m (£18.65m).

Better boats and more developed on-shore infrastructure have, however, only served to highlight the problem of over-fishing.

Apart from periodic exhortations, the government's immediate response has been to introduce permits for fishermen (initially being enforced only for larger companies) and to reduce the fishing season. For lobsters, the season has been reduced from six months to two (December and January). Quotas have been imposed on industrial vessels.

Hardly surprisingly, these measures have proved unpopular with many of the country's estimated 18,500 self-employed fishermen whose efforts help to make fish Oman's biggest non-oil export. Many protested and indeed won concessions from the ministry; initially the authorities had proposed a total ban on lobster fishing.

"For decades the industry has been unregulated. But the time has come to limit entry," says Mr Abdul Salaam. "Our measures do affect their livelihood but we have to take the long term view," he insists.

The long term view – outlined in the current five-year plan – includes an ambitious programme to build eight small, self-contained harbours (at al-Jazar in the south and Shines in the north-east, for instance). These will mainly service small fishermen who last year accounted for some 85 per cent of the total haul of 119,000 tonnes, earning revenues of some OR17.8m. The rest was caught by industrial vessels.

Terry Kirk

Generous government incentives and loans are available for fishermen to buy high-quality glass fibre boats

Some 20 per cent of the total catch was exported to neighbouring states and also Japan.

Large-scale port development is also planned at Sur and Qurayat in the north-east, enabling them to accommodate industrial vessels and ease pressure on Mina Qaboos. Industrial vessels – including some from Japan with which the authorities have signed fishing concessions – caught some 10 per cent of the total haul in 1990.

All the ports will boast enhanced processing and cold storage facilities. The work is expected to be finished by 1994, completing the transformation of an industry which was once as conspicuous for its foul smells as for its delicious catches. Southern fishermen's haul of sardines – later sold as fertiliser – would be left to dry on the southern beaches. The fumes were a reminder when the boats were in.

Today, though there is some concern among traditional fishermen who fear for their livelihood, it is the general air of optimism that is more striking. For most fishermen realise that their government is making a huge investment in an industry whose importance will grow given Oman's very limited oil reserves.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold was in retreat on the London bullion market after last week's rally. However, prices were underpinned by support around $350 to $353 a troy ounce, and the market is still expected to challenge resistance around $358 to $360 later this week. Dealers said the surprisingly high level of physical gold demand generated by bargain hunting in the first half of last week was not evident yesterday as the dollar maintained its firmer tone, making gold less attractive in other currencies. On the LME three-month lead closed below the equivalent of $535 a tonne, considered by many traders a crucial chart point signalling a fall to $500. There is no encouragement for bulls from fundamentals, with offtake in both original unit and replacements battery sectors remaining flat. London cocoa prices drifted lower. "The market has been consolidating, with possibly a bit of origin selling coming in at the higher levels putting a lid on prices," said one dealer, adding support was plotted around £720 a tonne for March and £740 for May. The market is looking ahead to European fourth quarter 1991 grind figures due out this week and watching Ivorian arrivals, which are expected to begin tapering off.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.00-5.10q	+.425
Brent Blend (dated)	$18.15-8.25	+0.80
Brent Blend (Feb)	$17.90-7.95	+.725
W.T.I. (1 pm est)	$18.75-8.80q	+0.55
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$199-202	+4
Gas Oil	$171-173	+9.5
Heavy Fuel Oil	$58-60	
Naphtha	$185-188	+8
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.95	-3.8
Silver (per troy oz)♣	408.5c	-3.5
Platinum (per troy oz)	$338.75	-8.0
Palladium (per troy oz)	$81.25	-0.50
Copper (US Producer)	98.36c	+0.26
Lead (US Producer)	37.0c	-0.375
Tin (Kuala Lumpur market)	14.53r	-0.04
Tin (New York)	254.5c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.03p	-0.66*
Sheep (live weight)†♣	103.96p	+7.63*
Pigs (live weight)†	84.95p	+0.82*
London daily sugar (raw)	$218.6t	+2.4
London daily sugar (white)	$268.0t	+0.5
Tate and Lyle export price	£229.0	+3.0
Barley (English feed)	£124.5	+0.5
Maize (US No. 3 yellow)	£147.0	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	50.00p	
Rubber (Mar)♥	50.25p	
Rubber (KL RSS No 1 Feb)	214.0m	
Coconut oil (Philippines)§	$750y	
Palm Oil (Malaysian)§	$385.0y	
Copra (Philippines)§	$407.5t	-2.5
Soyabeans (US)	£147.5	+1.5
Cotton "A" Index	60.10c	
Woollops (64s Super)	408p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	186.00	189.00	187.00	184.60
May	188.00	189.00	187.00	185.40
Aug	189.80	194.00	191.00	188.00
Oct	189.80		188.40	188.00
Dec	192.60	199.00	185.00	
White	Close	Previous	High/Low	
Mar	267.5	268.1	270.0	267.0
May	273.1	273.1	273.6	272.0
Aug	275.0	277.0	276.5	274.5
Oct	263.0	261.1	261.0	

Turnover: Raw 428 (180) lots of 50 tonnes. White 640 (989)

Paris- White (FFr per tonne): Mar 1483.40, May 1499.18

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Feb	17.95	17.24	17.94	17.35
Mar	17.70	17.08	17.74	17.35
Apr	17.60	17.10	17.55	17.30
May	17.56	17.13	17.56	17.30
Jun	17.51	17.12	17.55	17.40
Jul	17.53	17.15	17.58	17.51
Aug	17.60			
IPE Index	17.05	16.85		

Turnover 34217 (19070)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Feb	168.00	158.25	168.75	163.75
Mar	167.50	159.50	169.25	163.75
Apr	163.25	158.25	167.00	163.50
May	165.00	158.25	166.50	163.00
Jun	165.50	160.25	167.00	164.00
Jul	167.25	162.50	168.00	166.25
Aug	169.50	164.50	169.50	169.25
Sep	171.50	166.50	171.50	171.25

Turnover 12235 (18237) lots of 100 tonnes

TEA

A more widespread demand prevailed, reports the Tea Brokers Association. Landed Assams met better competition although generally at lower levels. Brighter liquoring east African teas came to an improved market particularly for Pekoe Dusts. Coloury mediums ruled fully firm to dearer but plainer descriptions were irregular. Ceylons sold readily with little change in prices. Offshore good demand at firm to dearer rates. The highest price realised this week was 160p for a Kenya pf. 1. Prices: quality 150p, good medium 118p, medium 94p, low medium 78p.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	729	733	737	726
May	755	760	764	752
Jul	782	786	789	779
Sep	806	809	812	805
Dec	841	844	847	840
Mar	871	874	878	868
May	888	892	893	
Jul	905	909	913	904

Turnover: 3848 (11383) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Jan.10 907.01 (884.06) 10 day average for Jan.13 922.46 (929.38)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Mar	1004	1005	1014	998
May	998	997	1008	994
Jul	1010	1007	1023	1005
Sep	1025	1025	1029	
Nov	1039		1044	1035

Turnover:595 (1863) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Jan. 10: Comp. daily 62.66 (63.02) 15 day average 62.02 (61.97)

Sterling close: January £578 , March £566

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	120.8	122.8	120.5

Turnover 8 (64) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Feb	126.60	126.00	126.60	
Apr	127.50		127.50	
Jun	122.00		122.00	121.00

Turnover 33 (3) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1546	1545	1546	1545
Feb	1576	1576	1576	1570
Mar	1595	1585	1595	1585
Apr	1600	1603	1600	1595
Jul	1390	1385	1391	1390
BFI	1494	1490		

Turnover 223 (274)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Mar	127.60	127.60	127.60	127.15
May	131.20	131.05	131.10	130.70
Sep	111.75		111.50	
Nov	115.25		115.00	
Barley	Close	Previous	High/Low	
Mar	120.45	120.70	120.60	120.45
May	122.50	122.75	122.50	

Turnover: Wheat 250 (810), Barley 21 (168). Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg		
	Close	Previous	High/Low	
Jan	109.0	109.0	109.0	108.8
Feb	109.0	110.0	109.0	
Mar	110.0	110.0	111.0	109.5
Apr	110.5	110.5	110.0	
May	110.0	112.0	110.5	109.5
Jun	110.0	112.0	109.5	

Turnover:93 (40)lots of 3,250 kg

MGMI – London FOX				
	Close	Prev.	High	Low	Vol
Indx	128.52	129.42			

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 41,817 lots	
Cash	1128-9	1136.5-7.0	1134/1128.5	1128.5-9		
3 months	1152-3	1107.5-8.5	1158/1152	1153-3.5	1152.5-3	121,199 lots
Copper, Grade A (£ per tonne)					Total daily turnover 37,243 lots	
Cash	1165-6	1175-7	1162/1160	1162-2.5		
3 months	1195-5.5	1203.5-4.0	1203/1193	1192-2.5	1194-5	108,196 lots
Lead (£ per tonne)					Total daily turnover 4,937 lots	
Cash	289.25-90.25	289.5-90.5		288.75-7		
3 months	301.5-2	301-2	301.75/299	299-9.25	300.5-1	16,037 lots
Nickel ($ per tonne)					Total daily turnover 4,159 lots	
Cash	7315-25	7315-25	7310	7310-2		
3 months	7375-85	7380-5	7400/7375	7379-80	7375-80	20,241 lots
Tin ($ per tonne)					Total daily turnover 1,072 lots	
Cash	5475-85	5480-2		5480-2		
3 months	5535-45	5535-6	5540/5530	5533-5	5535-40	5,054 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 15,873 lots	
Cash	1138-40	1136-7	1117/1116	1115-7		
3 months	1110-1	1107.5-8.5	1115/1091	1096-6.5	1109-10	41,820 lots

LME Closing £/$ rate: SPOT: 1.8030 3 months: 1.7750 6 months: 1.7480 9 months: 1.7224

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (fine oz) $ price		£ equivalent
Close	353.70-354.20	
Opening	355.40-355.70	
Morning fix	354.90	196.817
Afternoon fix	353.90	196.844
Day's high	355.50-355.90	
Day's low	353.60-353.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.28	6 months	3.28
2 months	3.28	12 months	3.28
3 months	3.24		

Silver fix	p/fine oz	US cts equiv
Spot	225.95	407.15
3 months	231.70	410.90
6 months	237.60	414.95
12 months	249.00	423.30

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	354.00-355.00	196.50-197.00
Maple leaf	365.00-366.00	202.75-203.25
New Sovereign	86.50-87.50	48.00-48.50

TRADED OPTIONS				
Coffee	Mar		Mar	
500	67		1	
550	27		11	
600	7		41	
Cocoa	Mar	May	Mar	May
700	40	72	11	17
725	25	58	21	28
750	16	42	37	37
Brent Crude	Feb	Mar	Feb	Mar
1700			4	40
1750		71	12	65
1800	7	47		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	353.8	356.2	0	0
Feb	354.5	356.9	355.8	354.0
Mar	355.4	357.8	0	0
Apr	356.5	358.9	357.6	356.0
Jun	358.6	361.0	359.5	358.2
Aug	360.6	363.1	361.8	361.2
Oct	362.7	365.2	363.6	363.6
Dec	364.9	367.4	365.8	365.1

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	333.6	340.1	333.5	333.5
Apr	333.6	340.1	336.5	332.5
Jul	335.1	341.6	336.0	334.0
Oct	340.4	346.9	343.5	341.5
Jan	341.6	348.1	345.0	345.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	406.4	406.1	404.0	404.0
Feb	407.3	409.1	0	0
Mar	408.7	410.5	409.0	406.0
May	412.1	413.8	412.5	409.5
Jul	415.4	417.2	416.0	413.0
Sep	418.8	420.6	417.0	417.0
Dec	424.1	425.9	424.0	422.0
Jan	426.0	427.8	0	0
Mar	429.8	431.5	0	0
May	434.0	435.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	93.90	94.20	93.90	93.30
Feb	94.40	94.55	94.30	93.60
Mar	94.80	95.05	94.90	93.70
Apr	95.05	95.20	0	0
May	95.30	95.35	95.30	94.30
Jun	95.55	95.55	0	0
Jul	95.80	95.75	95.60	94.95
Aug	95.95	95.90	0	0
Sep	96.05	96.00	95.80	95.50
Oct	96.15	96.10	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	56.57	60.57	57.65	56.55
May	58.23	62.90	59.30	58.19
Jul	59.45	63.40	60.55	59.40
Oct	62.05	64.85	62.60	62.05
Dec	62.60	65.50	63.40	62.60

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Feb	18.79	18.23	18.90	18.50
Mar	18.90	18.38	18.96	18.68
Apr	18.98	18.50	19.01	18.70
May	19.02	18.59	19.04	18.76
Jun	19.06	18.68	19.05	18.84
Jul	19.10	18.75	19.09	18.93
Aug	19.14	18.82	19.11	18.90
Sep	19.18	18.88	19.20	19.00
Oct	19.22	18.94	19.23	19.10
Nov	19.27	19.00	19.27	19.22

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Feb	5460	5154	5480	5240
Mar	5485	5237	5500	5330
Apr	5371	5180	5400	5260
May	5261	5105	5270	5180
Jun	5204	5075	5230	5180
Jul	5214	5090	5250	5180
Aug	5289	5170	5330	5330
Sep	5414	5295	5465	5465
Oct	5504	5390	5575	5550
Nov	5594	5485	5660	5660

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1199	1205	1206	1191
May	1230	1236	1238	1226
Jul	1267	1274	1264	1260
Sep	1298	1303	1295	1291
Dec	1335	1342	1335	1334
Mar	1375	1382	0	0
May	1396	1402	0	0
Jul	1412	1419	0	0
Sep	1443	1450	0	0
Dec	1473	1480	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	78.55	79.35	79.75	78.25
May	81.26	82.25	82.20	81.05
Jul	83.85	85.15	84.80	83.80
Sep	86.50	87.85	86.85	86.50
Dec	90.50	91.25	91.00	90.50
Mar	93.20	94.25	93.50	93.50
May	95.90	96.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.44	8.58	8.54	8.42
May	8.46	8.60	8.53	8.45
Jul	8.47	8.58	8.51	8.43
Oct	8.47	8.57	8.52	8.46
Mar	8.49	8.57	8.51	8.48
May	8.51	8.54	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	159.50	154.35	160.05	158.00
Mar	158.45	153.45	158.45	156.25
May	158.95	154.10	159.10	157.00
Jul	158.90	154.50	159.40	158.00
Sep	156.60	153.00	157.30	156.50
Nov	144.10	142.50	145.45	145.00
Jan	143.70	142.45	143.75	143.00
Mar	143.70	142.45	0	0
May	143.70	142.45	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Jan.13	Jan.10	mnth ago	yr ago
	1600.5	1595.5	1589.1	1697.4
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan.10	Jan.9	mnth ago	yr ago
Spot	112.73	112.44	114.34	124.30
Futures	121.62	121.49	121.25	126.30

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	563/4	561/4	567/0	560/4
Mar	566/6	564/0	570/0	563/4
May	574/0	571/0	576/6	571/0
Jul	582/6	580/0	585/6	579/4
Aug	585/6	583/2	589/0	583/4
Sep	588/0	585/4	588/4	586/0
Nov	591/6	589/6	594/4	589/6

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	18.67	18.70	18.78	18.57
Mar	18.86	18.91	18.96	18.77
May	19.17	19.21	19.26	19.06
Jul	19.45	19.50	19.56	19.36
Aug	19.60	19.65	19.69	19.54
Sep	19.77	19.80	19.85	19.68
Oct	19.80	19.92	19.90	19.80
Dec	20.10	20.18	20.15	20.07

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	175.2	174.2	175.7	173.7
Mar	175.3	174.2	175.8	173.6
May	175.6	174.8	176.3	174.3
Jul	177.3	176.2	177.8	176.5
Aug	178.2	177.1	178.7	176.9
Sep	179.0	178.0	179.5	178.0
Oct	183.1	182.5	183.5	182.8
Dec	184.5	183.8	185.0	183.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	256/2	252/6	256/4	253/4
May	262/6	259/0	263/0	260/0
Jul	267/4	264/0	267/4	265/0
Sep	265/6	263/6	266/6	264/4
Dec	264/6	262/6	265/4	263/0
Mar	271/0	269/0	271/2	269/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	411/4	403/0	414/0	406/4
May	393/0	381/2	395/0	386/4
Jul	363/2	348/0	365/4	359/0
Sep	365/0	350/0	366/0	360/0
Dec	374/0	360/0	375/0	368/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	74.70	74.27	74.90	74.17
Apr	74.77	74.63	74.92	74.50
Jun	70.37	70.30	70.45	70.10
Aug	67.65	67.60	67.85	67.57
Oct	68.05	67.92	68.10	67.80
Dec	69.00	68.95	69.00	68.90

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	39.67	40.10	40.60	39.65
Apr	39.27	39.37	39.56	39.20
Jun	43.90	44.55	44.67	43.87
Jul	44.40	44.92	45.05	44.30
Aug	42.92	43.42	43.60	42.90
Oct	40.35	40.65	40.75	40.30
Dec	42.72	43.12	43.17	42.70

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36.25	36.45	37.50	36.15
Mar	36.50	36.87	37.65	36.55
May	37.86	37.95	38.62	37.78
Jul	38.07	38.22	39.00	38.00
Aug	36.67	36.72	38.20	36.65

LONDON STOCK EXCHANGE

Futures lead an erratic equity sector

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Dec 30	Jan 13	Jan 27
Option Declarations:		
Jan 9	Jan 23	Feb 6
Last Dealings:		
Jan 10	Jan 24	Feb 7
Account Day:		
Jan 20	Feb 3	Feb 17

*New-time dealings may take place from 8.30 am two business days earlier.

Economic and currency worries continued to overhang the UK stock market yesterday and share prices again traced an sharply erratic pattern, often directed by the trend of stock index futures. Although there was no lack of specific features, trading volume overall slipped back from last week's slightly improved levels.

The stock market was unsettled by the growing sounds of the political battle building up ahead of this year's general election in the UK. The latest statistics on domestic consumer credit, showing a dip in new credit and also the fourth consecutive monthly fall in net credit, together with a very modest increase in November's retail sales, appeared to undermine further hopes that consumers will lead the UK economy out of recession still overhanging the broad range of manufacturing companies.

Concern over the outlook for UK interest rates continued as the pound, although calmer yesterday, softened further against the D-mark. Hints of further strains among the home loan companies were no help to underlying investment confidence in the equity sector.

The first day of the new equity account opened with share prices generally lower in reaction to falls in share prices in both Tokyo and New York. London's setback was emphasised when an early premium on the FT-SE March contract immediately brought in sellers, first of the future and then of the underlying stocks.

But a loss of 21 on the Footsie scale was steadily recovered as sterling performed steadily and London picked up the hints of a firmer opening on Wall Street. The early setback in the Footsie was converted into a 13.7 point gain. In the event, the Dow Average was a few points easier in UK hours but the Footsie received further encouragement in late dealings from a renewed rally in the futures market.

The final reading showed the FT-SE Index at 2,490.1, for a net gain of 12.2 on the day. At the day's best, the Footsie was still more than eight points short of the 2,500 mark, and traders said that there was not enough support behind equities yesterday to give credence to this fresh move towards an important chart hurdle.

Seaq volume slipped to 429.3m shares from Friday's 589.7m and dealers believed that yesterday's total took in an increased proportion of intra-market business. Customer, or retail business, increased at the end of last week as some profits were taken.

Some disappointment was expressed yesterday that the new account had not brought much sign of institutional buying.

Among the heavyweight blue chip stocks, bullish views on the US dollar kept share prices firm. Oil shares staged a recovery as some UK securities firms restored BP and Shell to their buying lists. But the UK financial sector remained nervous, and modest losses were scattered across the leading names. Pharmaceuticals, however, still seen as the most-favoured sector for the 1990s, edged higher again, led by Glaxo.

The disappointing data on UK domestic credit made little impact on a retail sector which had already failed to sustain its Christmas rally. Share prices for the high street stores edged higher yesterday, but traders said this was a technical rally rather than a change of stance by investors.

Telecoms leaders switched

THE UK'S two telecoms leaders, BT and Cable and Wireless, moved in opposite directions as institutions switched from BT into the latter in the wake of last week's widespread downgrading of BT shares and the worries that Oftel, the telecoms regulator, may insist on larger price cuts than previously predicted.

The strong performance by C and W was additionally fuelled by revived hints that AT&T, of the US, may buy a stake in Mercury Communications, C and W's UK telecoms division.

Specialists also spoke of stories that C and W plans a flotation for Mercury, or may seek a trading link with Vodafone, which is at present competing with Cellnet, BT's subsidiary, for leadership in the UK cellular phone market. C and W touched 603p before ending a net 11 up at 600p.

Both classes of BT shares came under pressure, although quotations were adjusted to allow for the 7.6p gross interim payment. BT "old" settled at 318p ex-dividend, down 5, while BT "new" closed 6 off at 114p ex-dividend. Dealers reported plenty of switching between the two classes of BT.

Abbey National sold

Abbey National, the building society turned bank, came up against a flurry of speculative selling pressure and substantially underperformed an otherwise resilient banks sector. The weakness followed widespread hints in the stock market that at least one of the UK's big building societies, and possibly as many as three, was in trouble.

Dealers said the failure of a big building society, while having little direct financial impact on Abbey, would inevitably have an adverse affect on sentiment in Abbey shares. "All the leading financial institutions have suffered from a deterioration in lending quality," said one banks specialist.

Abbey shares lost ground as the session progressed, closing 6¾ off at 273p, albeit in relatively thin turnover of 1.9m shares but against the closing trend of the stock market.

Reuters recovers

Reuters Holdings rose yesterday to the highest level since August 1990 as buyers continued to pin their hopes on exceptional growth this year. The shares closed 19 stronger at 1064p after turnover of 1m.

The stock appears to be recovering from the disastrous plunge suffered 18 months ago when it lost 184 points to 1045p after the company warned of a decline in second-half profits. One analyst said: "Even the great detractors have to admit that Reuters is one of the quality stocks in the sector." The shares have strongly outperformed the FT-SE All-Share Index over the past three months and are on a very high rating.

Bears of the stock, such as agency broker James Capel, believe a ceiling for the shares is being reached, but buyers are confident that heavy investment by the banks in Reuters' electronic dealing system will provide the company with the sort of sharp growth that has been seen by Glaxo and Wellcome.

Chemicals active

A downgrade and change of stance from a leading UK securities house affected the shares in chemicals companies Laporte and BOC.

Kleinwort Benson cut its estimate for Laporte's 1991 profits by £5m to £105m and next year's by £8m to £94m. Analyst Mr Jeremy Chantry said he was quite positive on the company but was advising investors who were overweight in the stock to reduce their holdings because of the "ongoing effects of the recession". Laporte fell 12 to 604p.

Mr Chantry also pointed out the defensive qualities of BOC, which added 12 at 627p. It was one of the most heavily traded stocks in the chemicals sector with turnover of 1.4m shares.

Lonrho saw the biggest percentage fall of any of the stocks in the FT-SE 100 list as traders reacted to negative weekend press comment. The shares fell 12 to 164p, more than 6.8 per cent, with 5.2m traded. A Sunday newspaper article said there was disappointment that executive director Mr Terry Robinson resigned from Lonrho last week and there had been speculation that Lonrho had cash flow problems and might cut its dividend.

Glaxo was the most actively traded major stock yesterday. It reached a new high despite a cautionary note from S.G. Warburg, the UK investment bank, and a slight easing of interest from US investors. In its regular bulletin on the pharmaceuticals sector, Warburg highlighted the premium rating of all but one of the stocks. Glaxo was 3 easier in early trading but London investors bought into the weakness of the shares which closed 14 ahead on the day at 930p with 4.9m traded.

Other dollar earners were also firm. SmithKline Beecham rose 9 to 946p, Wellcome 6 to 1041p and Reckitt & Colman 5 to 692p. Fisons, which Kleinwort moved from a sell to a hold and highlighted as the only underperformer against the market, improved 7 to 354p.

BP rose 4 to 286p, stimulated by a strong showing by oil prices, a broker buy recommendation and news that the oil company is intensifing its operations in Colombia, a move which specialists said indicated BP's optimism about the Cusiana discovery announced last year.

Girozentrale Gilbert Eliott, the stockbroker, helped sustain the BP share price in highlighting the stock's yield attractions. Mr Chris Perry at Girozentrale adopted a bullish tone on BP's dividend policy after recent market worries.

"Contrary to popular opinion BP has committed itself to long-term real dividend growth and refuses to cut the payout," said Mr Perry. He expects BP to increase the fourth-quarter payout to 4.5p, making 17.1p for the year. He added: "Even if the dividend is not increased, shareholders are guaranteed a year-on-year dividend growth of 4.7 per cent and a yield of 8.2 per cent compared with a market average of 5 per cent."

Burmah Castrol added 10 at 496p, still responding to the recent Smith New Court buy note, while there was more heavy activity in Lasmo, which gained 6 more at 244p.

The influential retailing team at County reinstated some buy recommendations after the sector underperformed by 6 per cent since it suspended all its previous buys. "With the uncertainties of Christmas behind us and seemingly not matching worst expectations we believe the sector is due a bounce," said County. It reinstated its buys on Argos, Boots, Dixons and W.H. Smith. Argos rose 4 to 260p. Jacques Vert slumped 77 to 116p after the losses and halved interim dividend.

Shares in Rank Organisation suffered a retreat of 11 to 609p as securities house Hoare Govett highlighted the stock as one of its three key sells in its weekly market overview. The house said it had changed its stance some time ago but this was the first time it had published it.

Kleinwort Benson downgraded its 1992 profits estimates for both Sedgwick and Willis Corroon and recommended a switch from Sedgwick into Willis, up 4 at 235p.

Birse, the building group, came under intense selling pressure and fell to 62p at one point, before stabilising and closing a net 8 off at 66p amid stories that a statement on trading is imminent.

Tomkins was volatile as the company reported interim figures at the top end of market expectations. Profits rose 40 per cent to 43.7m and the stock advanced 5 to 439p.

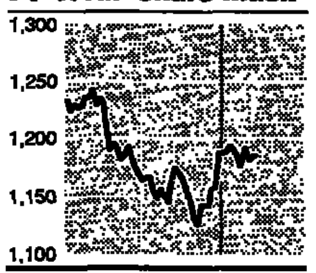
Charterhouse Tilney, which raised its full-year forecast by £1m to £131m, believes there is little scope for the shares in the short term, but remains a buyer for the long term.

Favourable press comment on the possible link-up between British Airways and KLM boosted the shares of the UK airline, which gained 7 to 236p on turnover of 4.8m.

G.W. Thornton jumped 53 to 203p after being relisted following an announcement that Bromsgrove Industries was making a recommended £14.6m offer for Thornton.

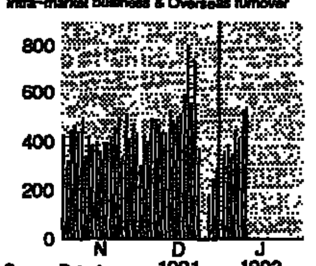
The recent favourable view of Rolls-Royce was further boosted by news of a $67m order for the US Navy. The shares gained a further 5 to 137p on turnover of 4.9m.

FT–A All–Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

OBITUARY:
James McCallum,
Page 6.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 25.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (91).
AMERICANS (8) Amdahl, Dial Corp., Honeywell, Houston Inds., Pall, Utd. Tech., CANADIANS (5) Bank of Montreal, Bank of Nova Scotia, Brascan, Can. Pacific, Can. Imperial Bank, BANKS (2) ABN Amro., Deutsche, BUSINESS SERVICES (2) Security Archives, Sherwood Computer, CHEMICALS (1) Bayer, ELECTRICALS (3) Chearing, China Light, Ericsson (LM), ELECTRONICS (2) Druck, Elect. Data Procsg., ENGINEERING GENERAL (3) IWP Intl., SKF, Victaulic, FOOD MANUFACTURING (4) Cranswick, Golden Vale, Tate & Lyle, Do. 7.25pc Prf., HEALTH & HOUSEHOLD (6) AAH, Bespak, Crown Eyeglass, Hafslund Nycomed Free A, Macarthy, Novo Nordisk B, HOTELS & LEISURE (1) Tanjong, INSURANCE LIFE (1) Torchmark, INVESTMENT TRUSTS (3) Gartmore Amer. Secs. Zero Prf., Scot. Natl. Stppd. Prf., Scot. Value, MEDIA (2) LWT 3.9375p Cnv. Pfd., Ulster TV, MOTORS (1) DAF NV, OTHER INDUSTRIAL MATERIALS (3) Tomkins, Do. 5.5pc Prf., Do. 6¼pc Prf., PACKAGING, PAPER & PRINTING (1) De La Rue, TEXTILES (3) Campari Intl., Shiloh, TRANSPORT (2) Brit. Airways Cap. 9¾pc Cov., Sea Containers, SOUTH AFRICANS (1) Tongaat-Hulett.
NEW LOWS (72).
AMERICANS (1) Hasbro, BUILDING MATERIALS (4) Freeman, Quiligotti, SWP, Sheffield Insts., BUSINESS SERVICES (1) Corporate Servs., CONGLOMERATES (3) Goode Durrant, Melville, Reece, CONTRACTING & CONSTRUCTION (7) AMEC 6.5p Prf., Birse, Laing (J), Do. A, Prowting, Ward, Wescol, ELECTRICALS (2) Emess, Do. 8.25p Prf., [illegible] Sema, [illegible] (B), Hadle[illegible] Ransomes [illegible] MANUFAC[illegible] Matthews [illegible] JS Pathol[illegible] Kunick, P[illegible] BROKERS [illegible] TRUSTS [illegible] Smllr. Cap[illegible] Intl. Green[illegible] River & Me[illegible] Wrrnts., [illegible] METAL FORMING (2) Garton Eng., Sycamore, MISCELLANEOUS (2) Porth, RPS, MOTORS (3) Lucas, Mid-States, T & N, OIL & GAS (5) Cairn Energy, Crossroads Oil, Hardy Oil, Pict Petrlm., Sceptre Res., OTHER FINANCIAL (2) Natl. Home Loans, Union Discount, PACKAGING, PAPER & PRINTING (1) Waverley Cameron, PROPERTY (9) Bolton, Chesterfield, Greycoat, Hammerson A, MEPC, Palmerston, Regalian, Stanhope, Wood (JD), STORES (2) Dumas, Goldsmiths, TEXTILES (2) Alexandra Workwear, Jacques Vert, TRANSPORT (1) Bergesen d-y A, MINES (3) Anglovaal, De Beers Linked Units, Wankie Colliery.

FINANCIAL TIMES STOCK INDICES

	Jan 13	Jan 10	Jan 9	Jan 8	Jan 7	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.07	87.32	87.38	87.34	87.28	82.77	87.64 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.44	99.57	97.99	97.89	97.76	90.98	99.57 (10/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1894.8	1874.2	1904.8	1885.9	1904.1	1627.9	2108.3 (2/9/91)	1609.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	156.3	160.6	161.2	145.4	140.3	179.7	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2490.1	2477.9	2497.9	2487.1	2482.9	2080.8	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1139.94	1140.60	1140.71	1120.52	1128.64	-	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.76	4.80	4.76	4.83	4.79	5.88				
●Earning Yld %(full)	7.14	7.19	7.14	7.24	7.19	12.25				
●P/E Ratio(Net)(*)	17.62	17.48	17.60	17.37	17.48	9.87				
SEAQ Bargains 4.45pm	26,526	32,925	28,589	27,205	28,605	31,263				
Equity Turnover(£m)†	-	1133.70	1130.00	1065.80	958.70	485.31				
Equity Bargains†	-	33,215	27,674	26,871	30,724	32,422				
Shares Traded (mil)†	-	556.2	537.8	415.8	449.7	240.8				

[illegible] Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, [illegible] FT-SE Eurotrack 200 [illegible] † Correction

Ordinary Share Index, Hourly changes — Day's High 1894.8 — Day's Low 1857.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1864.2	1869.2	1874.7	1881.4	1886.4	1891.4	1891.6	1890.8	1888.6

FT-SE 100, Hourly changes — Day's High 2491.6 — Day's Low 2456.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2465.1	2468.5	2474.5	2481.3	2486.6	2490.2	2490.3	2486.1	2483.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1143.12 — Day's Low 1137.28

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1138.26	1137.98	1140.25	1141.77	1142.30	1139.98	1141.23

GILT EDGED ACTIVITY

Indices*	Jan 10	Jan 9
Gilt Edged Bargains	88.5	84.9
5-Day average	85.9	80.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]				[illegible]				[illegible]				[illegible]			
Barclays	2,000	359	+2	Grand Met.	3,800	919	+11½	Prudential	2,500	226	+1	Tarmac	1,900	107	
Bass	712	1049	+11	GUS A	146	1369	+4	RHM	1,400	239	+3	Tate & Lyle	1,800	425	+6
Berisford Int.	765	15½	+1½	GRE	1,600	123	+2	RMC	229	529	+2	Taylor Woodrow	2,800	122	+5
Blue Circle	732	225	+4	GKN	487	286	+3	RTZ	624	487	+2	Tesco	3,800	221	+4
Booker	133	446		Guinness	1,100	535	+3	Racal	6,300	50	−1	Thames Water	1,700	337	−5
Boots	1,500	423	+1	Hammerson 'A'	154	450	−14	Rank Org.	876	609	−11	Thorn EMI	1,000	784	+14
Bowater	436	687	+1	Hanson	3,400	198½	+1½	Reckitt & Colman	336	692	+5	Tomkins	1,000	439	+5
Brit. Aerospace	597	322	+4	Hanson Warrants	4,800	19	−½	Redland	417	497	+1	Trafalgar House	1,300	130	+1
British Airways	4,800	236	+7	Harrisons Crosfield	277	110	+2½	Reed Intl.	702	518	−6	Ultramar	347	231	+6
British Gas	5,900	241½	+1½	Hawker Sidd.	7	753	−1	Rentokil	85	391		Unigate	310	289	
British Land	120	253	−1	Hillsdown	1,400	156	+3	Reuters	1,000	1064	+19	Unilever	960	893	+8
BP	6,900	286	+4	IMI	288	228	−3	Rolls Royce	4,900	137	+5	United Biscuits	2,000	417	+3
British Steel	2,200	67	+2½	ICI	867	1167	−½	Rothmans	98	1115	+6	Utd. Newspapers	463	349	−9
British Telecom	7,100	318	−5	Inchcape	1,400	414	+10	Ryl Bk Scotland	293	162	+2	Vodafone	735	362	+5
Br. Telecom New	14,000	114	−11½	Kingfisher	786	476	+9	Royal Insurance	1,400	242	+9	Warburg (SG)	98	535	−4
Bunzl	28	90		Ladbroke	3,500	224	+5	Saatchi	1,800	13½		Wellcome	224	1041	+6
Burmah Castrol	350	496	+10	Land Securities	635	442	−5	Sainsbury	1,800	347½	+7½	Welsh Water	583	348	−6
Burton	7,200	34		Laporte	221	604	−12	Scottish & New.	1,800	432	+6	Wessex Water	486	377	−9
Cable & Wire.	3,800	600	+11	Legal & General	497	367½	+4½	Scot. Hydro-Elect.	1,500	162	−3	Whitbread 'A'	286	444	−2
Cadbury Schweppes	973	444	+5	Lloyds Abbey	536	348		Scottish Power	1,200	100	−1½	Williams Hldgs.	2,000	307	+4
Calor Group	34	205	−4	Lloyds Bank	298	377	−7	Sears	1,400	97	+1	Willis Corroon	825	235	+4
Carlton Comms.	80	514	+4	LASMO	3,600	244	+6	Sedgwick	733	205	+1	Wimpey	284	119	+2
Coats Viyella	815	176		London Elect.	772	235	−8	Seeboard	34	245	−8	Yorkshire Elect.	885	283	−8
Comm. Union	586	483	−1	Lonrho	5,200	164	−12	Severn Trent Water	1,600	303	−3	Yorkshire Water	232	358	−7

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE Stock index futures sector finally boiled over yesterday, at least for a while, and a hurried shrinking of the premium on the March FT-SE contract brought some rapid footwork in the stock market by leading securities firms, writes our markets staff.

The March contract opened firmly, showing a premium of about 26 points compared with an estimated 22 point premium on fair value, the calculation which allows for financing and dividend flows.

Sellers quickly appeared, as London traders noted the fall in Tokyo, and the future came back smartly, driving the stock market down ahead of it. By mid-session, the March contract was close to fair value, and a few buyers appeared again. This was the pattern for most of the session, until in the final minutes of stock market trading, the March contract advanced again, taking share prices with it. Traders doubted whether the premium could avoid further selling this morning.

In traded options, business was reduced, and only 18,384 contracts traded compared with 24,779 on Friday. The FT-SE contract remained busy, however, recording 4,832 deals against 4,988. British Airways topped the active stocks list with 1,779 contracts traded.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100⅛xd	—	101½	100⅛	12.73	—
10pc 1992		99⅞	—	100⅜	97⅞	10.01	10.40
2pc IL 1992‡‡		135⅛	—	135¾	125⅞	2.83	8.61
8pc 1992 ‡‡		99⅛	—	99¼	95⅞	8.85	10.22
10½pc Cv 1992‡‡		100	—	100⅜	96½	10.50	10.24
[illegible]							
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112⅞xd	−⅞	114⅝	108⅞	11.75	[illegible]
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	97¼	10.2[illegible]	[illegible]
Treas 8¾pc 1997‡‡		95⅞	[illegible]	96[illegible]	89[illegible]	9.1[illegible]	[illegible]
Exch 15pc 1997		121⅞	[illegible]	123⅞	117	12.3[illegible]	[illegible]
9¾pc 1998		99⅞xd	[illegible]	100[illegible]	93[illegible]	9.7[illegible]	[illegible]
Treas 6¾pc 1995–98‡‡		88¼	[illegible]	88	80⅝	7.8[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
15½pc '98‡‡		126⅝	−⅞	128⅞	121¾	12.25	9.96
Exch 12pc 1998		118⅜	−⅞	111⅞	104⅞	10.87	9.87
Treas 9½pc 1999‡‡		99⅞xd	−⅞	100⅞	92⅞	9.59	9.57
Exch 12¼pc 1999		112	−⅞	113⅞	105⅞	10.94	9.88
Treas 10½pc 1999		103⅞	−½	104⅞	97⅞	10.11	9.76
Conversion 10¼pc 1999		102⅞	−⅞	103⅞	95⅞	9.99	9.76
[illegible]							

BRITISH FUNDS - Cont.

Index – Linked	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
	(b)						
Treas. 2pc '94	(102.9)	123⅞	−⅛	123¾	115⅞	2.98	3.94
2pc '96	(67.9)	177⅞	−⅛	177⅞	168⅞	3.52	4.06
2½pc '01	(78.3)	144⅞	−⅛	145⅞	137⅞	4.05	4.34
2½pc '03	(78.8)	140⅞	−⅛	141⅞	133	4.11	4.36
[illegible]							

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

OTHER FIXED INTEREST

[illegible]

APPOINTMENTS

The power to attract expats

SCOTTISH-POWER, the electricity company privatised in June, has made Murray Stuart its non-executive deputy chairman. Stuart, 58, recently resigned as chief executive of Berisford, the food, commodities and property group, having brought it back from the brink of liquidation in 18 months.

Stuart, who became a director of ScottishPower in 1990, was formerly chairman of MB Group, previously known as Metal Box. He is to work closely with Sir Donald Miller, chairman, and Ian Preston, chief executive, on developing ScottishPower's corporate strategy.

This will mean spending two days a week in Scotland and Stuart, who lives in Surrey, says he will soon be buying a property there. Although he says he is soon to take up another appointment in England he indicates that he could eventually follow the path of many an expatriate Scot (he was born in Glasgow, educated at Glasgow Academy and Glasgow University and is an accountant by training) and return to his native land.

Neither he nor ScottishPower has anything to say on suggestions that he might be groomed to succeed Miller, 64.

Non-executive directors

■ Philip Felton has resigned from Usher-Walker because of ill-health.

■ Ken Sayle joins THORNFIELD HOLDINGS.

■ Roy Shephard and Sir Ian MacGregor retire from SCOTTISH HERITABLE TRUST; Richard Hanwell, Edward Denison, Stanley Gauld and Sir Tom McDonald have been appointed.

■ Malcolm Gourlay (above) chief executive of Clyde Petroleum, has joined FERRUM HOLDINGS.

■ James Power joins UNICHEM.

■ James Tyrrell, finance director of Abbey National, joins BODDINGTON.

■ Bernard Norman has resigned from PERRY Group.

■ David Platt has resigned from SOUTHNEWS.

■ Jon Pither, a past president of the Aluminium Federation and a member of the CBI council, joins ALUMASC.

■ Ian Fauset, assistant under-secretary of state in the ministry of defence, is appointed to GEC AVERY.

■ Following Unichem's acquisition of E Moss, its non-executive chairman, James Power, joins UNICHEM.

■ Christopher Chataway has joined CREDITO ITALIANO INTERNATIONAL.

■ Graham Melmoth, former secretary of the Co-operative Wholesale Society, joins CO-OPERATIVE BANK.

■ Michael Dowdall, one-time chairman of Unilever Agribusiness who retired last year, has joined GEEST.

■ Brian Slade has joined SERCO.

■ James Davis has resigned from TRANSPORT DEVELOPMENT GROUP.

■ Michael Wallis, formerly group md of Evered, joins METSEC as deputy chairman.

■ Donald Mackay joins the CHESHIRE Building Society.

■ Calum MacLeod (below), the chairman of F S Assurance before its acquisition by BRITANNIA Building Society, and chairman of Britannia Life for the past year, has joined the board of the building society.

Milne quits ScotMet

Gordon Milne, 55, has resigned as managing director and from the board of Scottish Metropolitan, the Glasgow-based property company. He has paid the price for a mistimed stepping up of the company's property development activity, particularly in the south of England. Milne is replaced by Scott Cairns who joined ScotMet two years ago after being property director of Martin Retail, the stores group.

Cairns says he intends to return ScotMet to its original vocation of being a property investment company rather than undertaking speculative developments. He also wants to reduce ScotMet's heavy borrowing which had reached £201m (a gearing ratio of 140 per cent) at September 1991.

In October ScotMet angered the market by announcing an unexpected pre-tax loss of £8.3m (compared with 1990 profit of £10.4m) including writing off £9.4m on a site in Bournemouth and incurring £2.2m costs on renegotiating bank covenants.

Milne took enormous pride in Saltire Court, an architecturally distinguished office development in Edinburgh to which he lured many distinguished tenants. It is now 70 per cent let but has not produced the expected profits.

Paul Birch, director in charge of development, has also left the company.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		$35\frac{7}{16}$xd	$+\frac{3}{16}$	$36\frac{5}{8}$	$20\frac{7}{8}$	15,548	1.5
♥Allegheny & W		242p	+9	385p	218p	126.3	6.6
Arcdant		925pxd	+45	$10\frac{1}{8}$	567p	1,027	0.6
Amer Cyanamid		$38\frac{1}{4}$	—	$42\frac{1}{8}$	$25\frac{3}{8}$	3,388	2.2
Amer Express		$12\frac{3}{16}$xd	$+\frac{3}{32}$	$17\frac{7}{8}$	$9\frac{11}{16}$	5,789	4.4
Amer T & T		$22\frac{5}{8}$xd	$+\frac{7}{16}$	$24\frac{1}{2}$	$15\frac{1}{4}$	23,879	3.1
Ameritech		$35\frac{7}{8}$	$+\frac{1}{8}$	$38\frac{7}{8}$	$32\frac{1}{2}$	16,787	5.0
BankAmerica		$21\frac{7}{16}$xd	$+\frac{1}{16}$	$28\frac{3}{8}$	$12\frac{3}{16}$	4,608	3.0
Bankers NY		$35\frac{1}{4}$xd	$+\frac{1}{4}$	$38\frac{3}{16}$	$20\frac{1}{16}$	2,987	7.3
Bell Atlantic		26xd	—	$30\frac{1}{2}$	$24\frac{1}{4}$	10,225	5.2
BellSouth		$28\frac{1}{8}$	$-\frac{1}{8}$	$31\frac{1}{4}$	25	13,641	5.2
♥Bethlehem Steel		$7\frac{3}{16}$xd	$+\frac{1}{16}$	$11\frac{1}{4}$	$6\frac{3}{16}$	882.1	2.9
Bowater		1392p	+154	1639p	1042p	688.6	4.6
CPC		$48\frac{1}{16}$xd	$+\frac{7}{16}$	$54\frac{13}{16}$	$37\frac{11}{16}$	3,832	2.4
California Engy		775p	—	930p	420p	141.1	—
Campbell Soup	b	$22\frac{1}{16}$	$-\frac{1}{16}$	25	$14\frac{1}{8}$	6,548	1.7
Chase Manhattan		11	$+\frac{1}{32}$	$12\frac{1}{4}$	$5\frac{5}{16}$	1,495	5.9
Chrysler		$7\frac{1}{4}$xd	$+\frac{1}{8}$	$9\frac{3}{16}$	$5\frac{3}{8}$	2,878	4.4
Citicorp		8xd	$+\frac{1}{16}$	$10\frac{1}{8}$	$4\frac{5}{8}$	2,081	—
Colgate-Palm		$27\frac{5}{8}$xd	—	$27\frac{5}{8}$	$21\frac{1}{16}$	4,817	2.0
Cont'l Bank		552p	—	928p	438p	590.2	5.4
Dana		$17\frac{1}{16}$xd	$+\frac{1}{16}$	$21\frac{5}{8}$	$13\frac{3}{8}$	781.3	5.0
Data General		933p	-3	1282p	203p	257.5	—
Dial		$26\frac{13}{16}$xd	$+\frac{5}{16}$	$28\frac{15}{16}$	$12\frac{7}{8}$	1,089	2.8
Dun & Brad		$38\frac{1}{16}$	$+\frac{1}{16}$	$30\frac{5}{8}$	$20\frac{3}{4}$	5,354	3.8
Eaton		$35\frac{1}{16}$	$-\frac{3}{32}$	40	$24\frac{1}{4}$	1,232	3.2
Echlin		$7\frac{3}{4}$xd	$+\frac{1}{8}$	$8\frac{1}{2}$	$5\frac{1}{2}$	432.8	4.8
FPL		$19\frac{1}{2}$xd	$-\frac{1}{8}$	$20\frac{1}{8}$	$14\frac{7}{16}$	3,305	6.6
Fluor		$23\frac{1}{4}$xd	$-\frac{7}{8}$	$30\frac{3}{16}$	$17\frac{7}{16}$	1,922	0.9
Ford Motor		$16\frac{5}{8}$xd	$-\frac{1}{8}$	$23\frac{1}{4}$	13	7,870	3.2
Gen Elect		$41\frac{3}{8}$xd	$+\frac{3}{16}$	$46\frac{11}{16}$	$28\frac{3}{16}$	35,855	2.8
♥General Host		424p	-10	580p	270p	—	4.5
Gillette		$29\frac{13}{16}$xd	$+\frac{3}{16}$	$45\frac{1}{4}$	$20\frac{7}{8}$	6,518	1.1
Hasbro		$22\frac{3}{8}$	$-\frac{1}{8}$	$22\frac{1}{2}$	794p	1,283	0.6
Honeywell		$39\frac{1}{4}$xd	$+\frac{5}{8}$	$39\frac{1}{4}$	$21\frac{1}{4}$	2,737	2.2
Houston Inds		$23\frac{9}{16}$	$+\frac{1}{16}$	$23\frac{7}{16}$	$17\frac{7}{8}$	3,037	6.7
IBM		$60\frac{7}{16}$xd	$-\frac{3}{4}$	$72\frac{13}{16}$	46	28,857	5.1
Ingersoll-Rand		$30\frac{1}{8}$xd	—	$32\frac{1}{2}$	$18\frac{7}{16}$	1,581	2.3
Lockheed		$24\frac{1}{16}$xd	$+\frac{3}{16}$	$28\frac{1}{8}$	$16\frac{1}{8}$	1,523	4.4
Lowe's		1935p	+60	2150p	1245p	705.8	1.5
Man Hanover	♦	13xd	—	$18\frac{7}{8}$	$9\frac{1}{2}$	898.6	13.4
Merrill Lynch		$34\frac{1}{16}$xd	$-\frac{1}{8}$	$34\frac{7}{16}$	$10\frac{1}{16}$	3,488	1.6
Morgan (JP)		$37\frac{1}{8}$xd	—	$38\frac{1}{4}$	$21\frac{13}{32}$	7,012	3.1
Morris (Philip)		$44\frac{5}{16}$xd	$-\frac{1}{8}$	$44\frac{7}{16}$	$25\frac{7}{16}$	41,025	2.5
NYNEX		$44\frac{1}{2}$	$-\frac{1}{8}$	$48\frac{3}{4}$	39	9,026	5.5
♥Pac Agric		$28\frac{1}{2}$p	—	89p	15p	—	—
Pall	h	$16\frac{3}{4}$	$+\frac{1}{4}$	$16\frac{3}{4}$	$10\frac{3}{16}$	1,469	1.0
Pennzoil		$28\frac{7}{8}$xd	$+\frac{1}{16}$	$46\frac{1}{8}$	$28\frac{1}{8}$	1,167	5.5
Quaker Oats		$39\frac{1}{8}$	—	$48\frac{3}{16}$	$24\frac{7}{8}$	2,982	2.3
Rockwell		$15\frac{3}{16}$xd	$+\frac{7}{16}$	$17\frac{5}{8}$	$12\frac{1}{8}$	3,484	3.3
Rep NY		$25\frac{13}{16}$	$-\frac{1}{4}$	$27\frac{13}{16}$	$16\frac{1}{2}$	1,343	2.1
Sears, Roebuck		$21\frac{13}{16}$xd	$+1\frac{3}{16}$	$25\frac{5}{8}$	$12\frac{13}{16}$	7,549	4.9
Sthwestern Bell		$35\frac{1}{8}$xd	$-\frac{1}{8}$	$35\frac{1}{4}$	$25\frac{5}{8}$	10,531	4.3
Sun Co		$16\frac{3}{4}$xd	$+\frac{5}{32}$	$20\frac{1}{4}$	$14\frac{1}{8}$	1,778	5.8
Tenneco		$18\frac{1}{8}$xd	$-\frac{1}{16}$	$27\frac{1}{8}$	$14\frac{7}{8}$	2,219	4.7
Texaco		32xd	$+\frac{1}{8}$	$40\frac{1}{2}$	$29\frac{1}{16}$	8,271	5.3
Texas Instr		$18\frac{1}{8}$xd	$+\frac{1}{8}$	$26\frac{1}{8}$	$14\frac{1}{8}$	1,485	2.1
Time Warner		$51\frac{1}{4}$xd	$-\frac{1}{2}$	$64\frac{1}{2}$	$37\frac{7}{8}$	4,782	1.0
TRINOVA		11xd	$-\frac{1}{8}$	$16\frac{3}{8}$	$8\frac{11}{16}$	310.4	3.3
♥Unilab		509p	—	555p	250p	472.8	—
Utd Tech		$29\frac{13}{16}$xd	$+\frac{11}{16}$	$29\frac{13}{16}$	$22\frac{3}{8}$	3,626	3.2
♥Unitech		89p	—	92p	42p	—	—
US West		$20\frac{13}{16}$	$-\frac{5}{16}$	23	$18\frac{1}{4}$	8,563	5.3
Varity		783p	-6	1410p	578p	175.4	—
Waste Manage		$24\frac{3}{8}$xd	$+\frac{7}{16}$	$24\frac{7}{16}$	$16\frac{5}{8}$	11,523	1.0
Whirlpool		2061p	-54	2346p	1053p	1,432	2.8
♥Woolworth		17	$-\frac{1}{4}$	$20\frac{3}{16}$	$12\frac{3}{4}$	2,217	3.4

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MISCELLANEOUS - Cont.

[illegible]

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

MINES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

OTHER FINANCIAL

[illegible]

PROPERTY

[illegible]

TEXTILES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

MERCHANT BANKS

[illegible]

SOUTH AFRICANS

[illegible]

OIL & GAS

[illegible]

PLANTATIONS

[illegible]

METALS & METAL FORMING

[illegible]

STORES

[illegible]

MINES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MISCELLANEOUS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
‖ Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
◆ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010. Enq: 0903 204631

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	5	218.3	221.1	235.2	-2.8	6.98
(Accum Units)	5	354.1	358.8	381.6	-4.5	6.98
UK Growth	5	272.7	276.6	294.2	-2.2	4.65
(Accum Units)	5	329.3	333.9	355.2	-2.7	4.65
Int Equity Gth ♦	5	47.63	47.72	50.76	-0.13	1.95
Intl Bond	5	54.40	54.40	57.13	+0.01	7.05
Special Sits Gwth	5	15.34	15.81	16.81	-0.17	3.75
North American Gwth	5	69.53	69.85	74.30	+0.81	0.98
European Growth ♦	6	49.16	49.40	52.55	+0.17	1.46

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

MW Joint Investors	0	1053.8	1053.8	1076.5	.....	4.39

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

Maldon General	0	105.5	105.5	108.7	.....	6.37

For Geoffrey Morley see Commercial Union

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

Acumen	5	68.04	68.30	72.90	-0.41	3.86
Acumen Reserve	5	66.98	66.98	68.98	.....	9.56
American Income	5	132.46	132.90	140.30	+0.50	3.33
Equity Income	5	75.62	75.62xd	80.70	-1.03	6.15
European	5	53.24	53.24	56.77	+0.62	1.36
Far Eastern	5	105.00	105.00	112.00	+0.30	1.00
Smaller Cos	5	45.77	45.77	48.84	-0.10	2.22
Olympiad	5¼	45.56	45.56	48.44	+0.03	1.15
Olympiad Income	5¼	43.04	43.04	45.93	-0.03	5.77
UK Growth	5	71.81	71.81	76.64	-0.37	1.94

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

Avon Equity	6	88.44	90.12xd	95.87	+0.36	3.76

NM Unit Trust Mngrs (1200)F
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

American ♥	5¼	34.26	34.26	36.54	+0.04	1.04
(Accum Units) ♥	5¼	37.11	37.11	39.58	+0.05	1.04
Australian ♥	5¼	197.30	197.30	211.60	+2.00	2.25
(Accum Units) ♥	5¼	223.10	223.10	239.30	+2.30	2.25
Conscience	5¼	52.24	53.10xd	56.67	-0.21	1.38
(Accum Units)	5¼	55.56	56.47	60.26	-0.21	1.38
European	5¼	140.60	140.60	149.90	+0.70	1.04
(Accum Units)	5¼	149.30	149.30	159.20	+0.70	1.04
Extra Income	5¼	60.03	60.03	64.06	+0.07	7.06
(Accum Units)	5¼	85.09	85.09	90.81	+0.11	7.06
Far East Gth Acc	5¼	97.91	97.91	104.60	-0.70	2.00
Gilt & F.I.	5¼	53.76	53.76	56.91	-0.28	8.01
(Accum Units)	5¼	116.60	116.60	123.90	-0.70	8.01
Gold ♥	5¼	27.99	27.99	30.09	+0.19	0.00
(Accum Units) ♥	5¼	30.15	30.15	32.41	+0.21	0.00
Income	5¼	41.62	41.62xd	44.39	-0.18	6.30
(Accum Units)	5¼	119.40	119.40	127.30	-0.40	6.30
Intl.	5¼	23.85	23.85	25.59	-0.07	0.43
(Accum Units)	5¼	34.03	34.03	36.51	-0.09	0.43
Jap Smaller Cos	5¼	280.50	280.50	299.20	-5.90	0.00
Sing & Malaysian	5¼	94.60	94.60xd	101.40	-1.20	0.00
(Accum Units)	5¼	98.39	98.39	105.50	-1.20	0.00
Smaller Co's ♥	5¼	22.72	22.72xd	24.43	-0.05	2.66
(Accum Units) ♥	5¼	25.77	25.77	27.70	-0.07	2.66
Special Sits	5¼	25.20	25.20	27.09	-0.04	0.96
(Accum Units)	5¼	28.30	28.30	30.43	-0.04	0.96
Tokyo	5¼	60.44	60.44	64.46	-0.91	0.00
(Accum Units)	5¼	61.05	61.05	65.12	-0.91	0.00
UK Equity ♥	5¼	132.20	132.20xd	141.00	-1.40	4.33
(Accum Units) ♥	5¼	239.30	239.30	256.20	-2.60	4.33
US Smaller Cos ♥	5¼	69.88	69.88	74.73	+0.49	0.00

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Fixed Int. Dep. Acc.	327.9	345.2	+0.2	-
Equity Acc.	1015.2	1068.7	-1.0	-
Property Acc.	489.5	515.3	+0.3	-
Far East Acc.	194.8	205.1	-1.2	-
European Acc.	26.0	27.4	....	-
Managed Cap.	416.0	437.9	+0.7	-
Managed Acc.	796.4	838.4	-1.0	-
O'seas Earnings Acc.	705.5	742.7	-1.2	-
Gilt Edged Acc.	375.6	395.4	-1.0	-
American Equity Acc.	562.2	591.8	+2.4	-
American Man.Acc.	248.9	262.0	+1.2	-
American Prop Acc.	121.3	127.7	+1.7	-
High Income Acc.	23.3	24.6	....	-
Gen 4				
Fixed Int Dep Acc.	27.3	28.8	+0.1	-
Equity Acc.	26.6	28.0	...	-
Property Acc.	23.3	24.6	....	-
Far East Acc.	22.6	23.8	-0.2	-
European Acc.	21.9	23.1	....	-
Managed Acc.	26.6	28.1	....	-
Overseas Acc.	27.2	28.7	-0.1	-
Gilt Acc.	29.1	30.7	-0.1	-
Am Equity Acc.	27.8	29.3	+0.2	-
Am Managed Acc.	26.9	28.4	+0.2	-
Am Property Acc.	20.9	22.1	+0.3	-
High Income Acc.	23.3	24.6	....	-
High Income Ser 2	23.3	24.6	...	-
Pension Funds				
F.I.Dep.Cap.	361.9	381.0	+0.2	-
F.I.Dep.Acc.	678.7	714.5	+0.6	-
Prop. Cap.	507.0	533.7	+0.3	-
Prop. Acc.	1051.7	1107.1	+0.8	-
Man. Cap.	870.6	916.5	+1.7	-
Man. Acc.	1806.2	1901.3	-2.8	-

Century Life Plc
2 Eyre Street Hill, London

Guardian Royal Exchange
Royal Exchange, EC3 071-283 7101

	Bid Price	Offer Price	+ or -	Yield Gross
Property Bonds	656.6	684.0	...	-
	133.2	140.3	+0.1	-
	124.8	131.3	+0.1	-
Choices Managed	151.9	159.9	-0.3	-
Choices Equity	154.4	162.5	-0.4	-
	108.2	113.9	...	-
	107.2	112.8	...	-
Managed	89.8	94.5	-0.6	-
Equity	86.2	90.7	-0.7	1.69

Legal & General – Contd.
Unit Pensions
Kingswood, Surrey, KT20 6TN 0737 370370

	Bid Price	Offer Price	+ or -	Yield Gross
Ex. Bldg. Soc. Lnkd.	161.3	169.8	+0.1	-
Do. Accum	205.5	216.4	+0.2	-
Exempt Cash Init.	285.6	300.7	+0.2	-
Do Accum	459.5	483.7	+0.3	-
Exempt Eqty Init.	834.6	878.6	-2.0	-
Do. Accum	1342.0	1412.7	-3.0	-
Exempt Euro Init.	154.0	162.2	+0.5	-
Do. Accum	190.5	200.6	+0.7	-
Exempt Far East's Init.	200.2	210.8	-0.7	-

Manulife Group
St George's Way, Stevenage Enquiries 0438 356101

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ser 1 & 2	519.8	547.2		-
Managed Ser 3	95.5	100.5	(u)	-
Property Ser 1 & 2	456.8	476.6	..	-
Property Ser 3	86.4	90.9	(u)	-
Equity Ser 1 & 2	637.5	671.0		-
Equity Ser 3	97.5	102.6	(u)	-
Gilt Edged Ser 1 & 2	472.8	497.7		-
Gilt Edged Ser 3	115.4	121.5	(u)	-
Deposit Ser 1 & 2	290.0	305.3		-
Deposit Ser 3	116.8	122.9	(u)	-

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, Inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.4	113.1	....	–
Pension Managed Fd	105.8	111.4	....	–
Life Deposit Fd	111.9	117.8	....	–
Pension Deposit Fd	119.1	125.4	....	–

For Natural Pin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	168.6	177.5	....	–
UK Equity	176.1	185.4	....	–
Overseas Equity	134.3	141.4	....	–
Fixed Interest	159.4	167.8	....	–
Property	128.2	135.0	....	–
Index Linked	152.6	160.7	....	–
Deposit	166.2	175.0	....	–
With Profits (B)	136.0	143.2	....	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	350.2	368.7	-0.2	–
UK Equity	434.7	457.6	-0.7	–
Overseas Eq	339.8	357.7	+0.2	–
Americas	299.5	315.3	+1.9	–
Far East	344.9	363.1	-1.7	–
Property	193.8	204.0	-0.1	–
Fixed Int	276.5	291.1	-0.5	–
Indexed Gilt	163.0	171.6	....	–
Deposit	190.0	200.1	+0.2	–
With Profit	106.5	112.1	+0.1	–
Pension Fund (Accum Units)				
Managed	505.6	532.3	....	–
UK Equity	587.3	618.3	-0.3	–
Overseas Eq	573.9	604.2	+0.7	–
Americas	387.2	407.6	+2.7	–
Far East	568.2	598.2	-3.4	–
Property	248.3	261.4	-0.1	–
Fixed Int	346.5	364.8	-1.4	–
Indexed Gilt	177.7	187.1	....	–
Deposit	269.8	284.1	+0.2	–
NPI Pensions Management Ltd				
Managed Fund	1078.5	1097.8	....	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	213.1	224.8	-1.5	–
UK Fixed Int Acc	195.5	206.3	-1.3	–
Intl Equities Acc	173.7	183.3	+0.1	–
UK Managed Acc	169.3	178.5	-0.6	–
Property Acc	225.6	238.0	+0.9	–
Money Acc	135.0	142.5	+0.1	–
Special Market Acc	152.3	160.7	+1.2	–
Japan Equity Acc	91.9	97.0	-2.0	–
North American Acc	106.8	112.7	-0.5	–
Pacific Acc	91.2	96.3	-0.3	–
Technology Acc	134.8	142.2	-1.2	–
Nat Resources Acc	55.0	58.1	-1.5	–
European Acc	99.6	105.1	....	–
Residential Prop Acc	85.0	89.7	....	–
Swiss Equities Acc	33.1	35.0	-0.3	–
Hong Kong Acc	69.2	73.0	-0.2	–
UK High Inc Eq Acc	68.0	71.8	-0.6	–
Int Fixed Interest Acc	62.0	65.5	+0.4	–
Int Managed Acc	56.6	59.7	+0.2	–
HIP Managed Acc	116.0	122.5	+0.7	–
HIP Managed II Acc	102.2	107.8	+0.4	–
HIP Managed III Acc	110.2	116.2	-0.1	–
Total Investment Bond				
UK Equity Initial		144.2	-1.1	–
UK Fixed Int Initial		132.7	-0.7	–
Intl Equities Initial		116.9	....	–
UK Managed Initial		114.8	-0.4	–
Property Initial		154.1	+0.6	–
Money Initial		92.0	....	–
Special Market Initial		117.8	+0.9	–
Japan Equity Initial		71.1	-1.5	–
North American Initial		82.5	-0.4	–
Pacific Initial		70.6	-0.2	–
Technology Initial		104.2	-0.9	–
Nat Resources Initial		42.5	-1.2	–
European Initial		89.0	+0.1	–
Residential Prop Init		80.8	....	–
Swiss Equities Initial		31.5	-0.3	–
Hong Kong Initial		65.8	-0.1	–
UK High Inc Eq Init		64.7	-0.5	–
Int Fixed Interest Init		59.8	+0.3	–
Int Managed Init		54.7	+0.1	–
HIP Managed Init		112.2	+0.6	–
HIP Managed II Initial		100.2	+0.3	–
HIP Managed III Init		109.2	-0.2	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.84	17.48	-0.01	2.36
Japan Tech	$85.87	90.95	-1.22	0.00
Japan Fund	$23.84	25.06	-0.63	0.00
Japan New Gen Fd	$18.14	19.07	-0.27	0.00
Malay Sing	$56.40	59.22	-0.59	0.00
Nth American	$24.67	25.91	-0.22	0.00
Octopus Fund	$22.75	23.89	-0.08	0.43
Pacific Fd	$61.99	65.09	-0.82	2.34
International Bond	$17.77	18.66	-0.18	7.18
Europa Fund	$13.58	14.28	-0.17	0.75
Bronx Screen Fd	$0.85	0.90	-0.01	2.87
Trinor Warrant	$11.20	11.76	-0.20	0.00
Hong Kong	$53.09	55.75	-0.36	1.27
Mngd Portfolio (Stg)	£4.09	4.41	+0.05	-
Mngd Portfolio (DM)	$10.81	11.41	-0.07	0.08
Currency Fd-Sterling	£19.92		+0.02	9.94
Currency Fd-US Dollar	$15.36		.....	4.85
Cur Fd-Deutschemark	DM41.28		+0.01	7.71
Cur Fd-Managed $	$46.23	48.94	-0.22	4.06
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Ser Series*	$1.00		.....	4.05
Investment Series*	$1.00		.....	3.95

*Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F
Lord Street, Douglas, IoM 0624 661551

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds—Contd.						
UK Equity	5	139.76	139.76	150.68	-0.56	0.92
International Equity	5	116.40	114.40	124.14	-0.69	0.00
Far Eastern	5	89.07	89.07	95.36	+0.23	0.00
European	5	83.09	83.09	87.99	+0.82	0.00
Pan American	5	168.98	168.98	179.38	-0.85	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	97.41	97.41	100.66	-0.36	10.23
Monthly Share	3	96.95	96.95	100.17	-0.35	10.28

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.69		+0.01	9.4
US Dollar	$31.65		+0.01	3.2
Deutschemark	DM56.07		+0.04	8.4
Yen	Y4,065		+0002	4.4
Managed Multicurrency	£13.19	13.66	+0.07	-
Managed Multicurrency	$25.40	26.30	.....	-
Bond Funds				
Sterling Bond	£0.415	0.431	-0.001	10.6
US Government Income	$101.59	105.20	-0.31	6.6
Asian Selection Funds				
Hong Kong	$13.528	14.229	-0.095	3.0
Indonesia	$7.764	8.173	+0.011	2.5
Korea	$9.712	10.223	-0.045	2.5
Malaysia	$9.813	10.330	-0.088	0.5
Philippines	$11.264	11.857	+0.155	2.5
Singapore	$11.933	12.561	-0.141	1.0
Thailand	$12.660	13.316	-0.012	2.5
South East Asia	$11.428	12.030	-0.042	3.0

Abtrust Fund Mngrs Luxembourg SA (a)
13 rue Goethe L-1637 Luxembourg

Aetna Intl Umbrella Fund (a)
47 Blvd Royal, PO Box 275, L-2012 Lux

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
"WINTERTHUR" Fund Mngmt Co (Lux) SA				
WIB Global Intl Bond	Ecu112.04		...	-
WIH Global Intl Equity	Ecu97.99		...	-
WIII Global Intl Reserve	SFr212.79		...	-
World Bond Fund—SICAV (a)				
World Bond Fund	$25.20	26.47	-0.14	0.76
Inv Adv Warburg Asset Mngt London				
World Trust Fund				
Shares NAV	$9.87		.....	-
UNIT NAV	$49.35			-
Yamaichi Advanced Technology Fd				
Advanced Tech	$20.25			-
Yamaichi 1992 OMNI Fund SICAV (a)				

	Bid Price	Offer Price	+ or -	Yield Gross
Gaia Currency Funds				
Gaia Hedge I	$109.36	109.76	.....	-
Gaia Hedge II	$262.60	265.85		-
Gaia Hedge III	$52.27	53.13	.....	-
Gaia Gtd Crrncy I	$81.15	-		-
Gaia Gtd Crrncy II	$87.22	-		-
Gaia Swiss Franc	SFr105.25	106.59		-
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio	1.03			9.42
Growth Portfolio	£1.22		+0.01	0.98
Balanced Portfolio	1.12			1.48

	Bid Price	Offer Price	+ or -	Yield Gross
North Star Fund Managers—Contd.				
Second High Perform Fd	DKr241.0	242.0		-
Allied Intl Fd	DKr164.0	165.0		-
Invest Fd (Cayman)	DKr146.0	147.0		-
High Perf Fd (Cayman)	DKr165.0	166.0		-
Bond Fd (Cayman)	DKr142.0	143.0		-
Mixed Fd (Cayman)	DKr132.0	133.0		-
High Security Fd	DKr171.0	172.0		-
High Income Fd	£12.1	12.2		-
Dollar Growth Fd	$1.43	1.44		-
Dollar Income Fd	$1.18	1.19		-
North Star International Currency Fund				
US Dollars	$15.0	15.1		-
Pound Sterling	£15.8	15.9		-

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips in quiet session

THE foreign exchange markets saw cautious trading yesterday, with the dollar consolidating after a strong upward run at the end of last week and sterling remaining just above its floor within the European exchange rate mechanism, *writes Simon London.*

Having peaked in New York on Friday, the dollar eased slightly during Far Eastern trading yesterday from the US closing level.

By the close in Tokyo, the dollar stood at DM1.5720, down from New York's DM1.5735 finish and a high of DM1.5880 in US trading. The pattern was similar against the yen, with the dollar ending at Y126.70, from Y127.05.

Dealers said trading in the US currency now had little direction following better than expected US non-farm employment data on Friday.

The figures left a balance of dealers prepared to buy the dollar on expectations of a further rise, and banks which retain a negative outlook for the currency.

Further US economic releases this week could crystalise the position. Today, retail sales figures will be announced, followed by retail price inflation figures on Thursday.

A quiet morning session in Europe saw the US currency tread water, closing at DM1.5725 and Y126.80 in London, from DM1.5825 and Y127.00 on Friday. In New York the dollar edged up to end at DM1.5780 and Y127.05.

Sterling remained pinned close to its floor within the ERM grid. Having opened at around DM2.8380, from a close on Friday of DM2.84, the pound weakened slowly through the day to end at DM2.8350.

The UK currency's effective floor stood at DM2.8330, as determined by the position of the Spanish peseta within the ERM, little changed from last week.

Dealers said negative sentiment against sterling was increased by the weekend publication of the first opinion polls of the new year, which showed the opposition Labour party holding a lead of 5 percentage points over the government.

The D-Mark itself could be tested by the outcome of the current round of wage negotiations between employers and unions in the steel sector, seen as setting the trend for the rest of German industry. The union meets today to consider its next action in pursuit of a 10.5 per cent pay increase.

Elsewhere, the Australian dollar firmed after concerted intervention by the domestic monetary authorities and the US Federal Reserve, following a one-point cut in interest rates last week. The Australian currency closed at $0.7420, up from $0.7365 on Friday.

The Canadian dollar was buoyed by the launch of several international bond issues, including Ontarion Hydro's C$1.5bn global bond issue. From a close on Friday in Canadian trading of C$1.1543 against the US dollar, the Canadian dollar strengthened to end at C$1.1485 in London, just off its high of C$1.1460.

£ IN NEW YORK

Jan.13	Close	Previous Close
£ Spot	1.7980-1.7990	1.7880-1.7890
1 month	1.10-1.08pm	1.02-1.00pm
3 months	2.89-2.86pm	2.91-2.87pm
12 months	10.12-10.02p	10.35-10.20p

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.803	-2.86	6.21	49
Dutch Guilder	2.31643	2.29223	-1.04	4.25	40
D-Mark	2.05586	2.03643	-0.95	4.15	46
Belgian Franc	42.4032	42.0076	-0.93	4.13	34
Irish Punt	0.767417	0.764410	-0.39	3.57	7
Italian Lira	1538.24	1536.61	-0.11	3.27	-6
Danish Krone	7.84195	7.89925	0.73	2.42	-44
French Franc	6.89509	6.94906	0.78	2.36	-56
Sterling	0.696904	0.718950	3.16	0.00	-62

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5¼-5 per cent; three years 5¾-5⅝ per cent; four years 6⅛-6 per cent; five years 6⅜-6½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Ecu
£	1	1.803	2.835	228.5	9.678	2.523	3.195	2141	2.064	58.50	1.395
$	0.555	1	1.572	126.7	5.368	1.399	1.772	1187	1.145	32.45	0.774
DM	0.353	0.636	1	80.60	3.414	0.890	1.127	755.2	0.728	20.63	0.492
YEN	4.376	7.891	12.41	1000.	42.35	11.04	13.98	9370	9.033	256.0	6.105
F Fr.	1.033	1.863	2.929	236.1	10.	2.607	3.301	2212	2.133	60.45	1.441
S Fr.	0.396	0.715	1.124	90.57	3.836	1	1.266	848.6	0.818	23.19	0.553
H Fl.	0.313	0.564	0.887	71.52	3.029	0.790	1	670.1	0.646	18.31	0.437
Lira	0.467	0.842	1.324	106.7	4.520	1.178	1.492	1000.	0.964	27.32	0.652
C$	0.484	0.874	1.374	110.7	4.689	1.222	1.548	1037	1	28.34	0.676
B Fr.	1.709	3.082	4.846	390.6	16.54	4.313	5.462	3660	3.528	100.	2.385
Ecu	0.717	1.292	2.032	163.8	6.938	1.809	2.290	1535	1.480	41.94	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

*Floating rate. Official rate. See Guide to World Currencies on page 24

FINANCIAL FUTURES AND OPTIONS

BASE LENDING RATES

MONEY MARKETS

UK rates close level

UK money rates were squeezed higher yesterday as sterling remained under pressure on the foreign exchange markets, but closed little changed from Friday, *writes Simon London.*

The Bank of England forecast a liquidity shortage of £1bn early in the morning, later revised up to £1.1bn.

In early assistance, the Bank injected £456m funding, including a £90m repurchase agreement maturing in equal portions on January 27 and 28 at 10⅞ per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

In addition, the Bank purchased outright band 1 bank bills at 10¾ per cent, band 3 bank bills at 10⅞ per cent and band 4 bank bills at 10¼ per cent. In late morning a further £122m assistance was forthcoming, comprising purchases of band 1, band 3 and band 4 bills at the same rates.

An afternoon liquidity injection comprising the purchase of £179m band 1 and band 3 bills was followed by £310m late assistance. This brought total assistance for the day to £1.067bn, just short of the forecast liquidity shortage.

The squeeze on liquidity during the day forced overnight unsecured money rates up to 11 per cent in the afternoon session, from 10¾-⅛ per cent at the close on Friday, before falling back to close at 10¾-⅝ per cent.

The March short sterling futures contract on the London International Financial Futures Exchange finished at 89.49.

In Frankfurt, call money interest rates were squeezed upwards as financial institutions moved to build reserves ahead of a deadline for taxation payments later this month. Overnight money traded at 9.45/55 per cent, from the 9.40/50 per cent level which prevailed for most of last week.

Market participants commented that rates could be pushed higher still during the middle of this week, although most expect call rates to remain below the 9.75 per cent Lombard rate, the Bundesbank's emergency funding rate for financial institutions.

In Tokyo, the Bank of Japan recalled Y80bn loans from financial institutions in the face of a forecast Y110bn liquidity surplus. In spite of this action, overnight money rates declined to 5⅝ per cent, from 5⅛ per cent on Friday.

Today, market conditions should be tighter. The Bank of Japan said it will set a Y300bn auction-style repurchase pact for funds maturing on February 25.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.13) 3 months US dollars		6 months US Dollars	
bid 4	offer 4⅛	bid 4	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Treasury Bills and Bonds

Three year	5.29
Four year	-
Five year	6.20
Seven year	6.62
10-year	6.92
30-year	7.50

LONDON MONEY RATES

LEGAL NOTICES

CIRCAPRINT HOLDINGS PLC
(COMPANY NO: 674628)
(formerly known as Circaprint Gillingham Limited)

CIRCAPRINT LIMITED
(COMPANY NO: 968247)

CIRCAPRINT GILLINGHAM LIMITED
(COMPANY NO: 905168)
(formerly known as Circaprint Developments Limited)

CIRCAPRINT ELECTRONICS ASSEMBLIES LIMITED (COMPANY NO: 1441110)

APPLIED PRINTED DESIGNS LIMITED
(COMPANY NO: 2183168)
(formerly known as Economicship Limited)

Nature of business: Circuit board manufacturers
Trade classification: 07
Date of appointment of administrative receiver(s): 8th April 1991
Name of person appointing the administrative receiver(s): Barclays Bank Plc
N J Vooght and C J Hughes
Administrative Receiver/Joint Administrative Receivers (office holder no(s) 6339 & 2041)
of Orchard House
10 Albion Place
Maidstone, Kent ME14 5DZ

CROFT EXPLORATION MYANMAR LIMITED

NOTICE is hereby given that in a Petition of Croft Exploration Myanmar Limited to the Court of Session, Scotland, for confirmation of reduction of capital, the Court on 18th December 1991 granted an Order directing that the provisions of Section 136(3) to (6) of the Companies Act 1985 shall not apply as regards the creditors of the petitioning Company or any class of them; confirmed the reduction of capital resolved on by the written Special Resolution of the petitioning Company passed on 1st July 1991 and set forth in the Petition; approved the proposed Minute, as amended, set forth in the Petition; directed the registration of said Order and the said Minute, as amended, by the Registrar of Companies.

Said Order and Minute was duly registered with the Registrar of Companies on 24th December 1991. Notice of which registration is hereby given.

McGrigor Donald
Solicitor for Croft Exploration Myanmar Limited
68-73 Queen Street,
Edinburgh
9th January 1992.

OBITUARY

HAMILTON

On 10th January 1992, Sir Patrick George Hamilton, Baronet; suddenly at his home in Cambridge aged 83 years; dearly loved husband of Pix, beloved uncle of John, Jenny and Mary and great uncle of Danny, Polly, Ingo, William, Giles, Bennan, Neil and Johnny. Private funeral service at Cambridge City Crematorium in the West Chapel at 11 a.m. on Friday, 17th January, 1992. No flowers. Donations for Wytham Hall, Sick Bay for Homeless People, London, may be sent c/o H.J. Paintin Ltd., 43 High Street, Linton, Cambridge CB1 6HS. A memorial service will be held later in London.

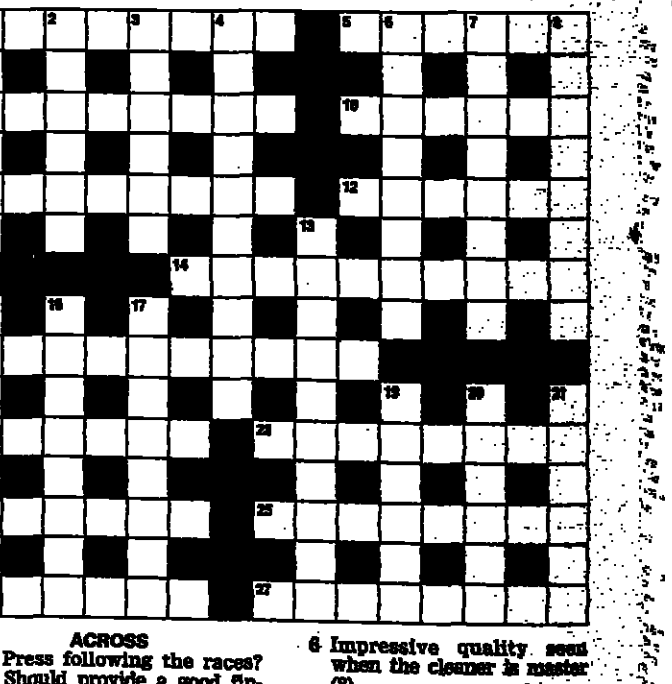
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,746 Set by QUARK



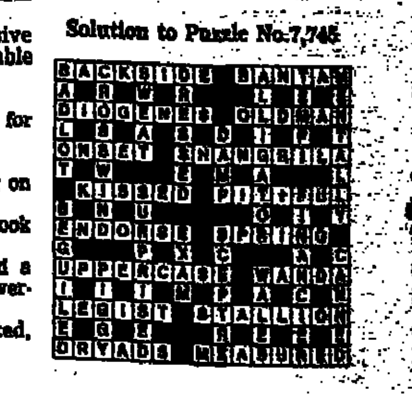
ACROSS

1 Press following the races? Should provide a good finish (4-4)
5 Suit in cases backed with string (6)
9 Near vote upset reform (8)
10 An element of Curie's success (6)
11 The rugby player's aloof when three sent off (5-3)
12 Raid I'm getting organised is above ground level (6)
14 Drinks to declaim at the naval base (10)
18 Heartless argument in Reformation (10)
22 Poles residing in boat as a mean dwelling (6)
23 Very unaware when applied to pig? (8)
24 Explosive fire worried farm animal (6)
25 Comparatively expensive beginner in the vegetable line (8)
26 Messy pen? (6)
27 The morning's no time for unearthing fossil (8)

DOWN

1 Wood's word of warning on the way (6)
2 One goes in to cancel book (6)
3 Vine is twisting round a degree – shortly to overrun? (6)
4 Certain type's exhausted, not feeling well (3,2,5)
6 Impressive quality seen when the cleaner is master (8)
7 It's essential to so rig a number in the plant (8)
8 Move to advance in the river (8)
13 No stocktaking is anticipated from here! (10)
15 Holds forth at the dance to bore with one's work (4,4)
16 Descriptive of great hit, or the making of one (8)
17 Select before creep let out result (3-5)
19 Excessively sound eggs? (3-3)
20 Army to bombard one island overseas (6)
21 Author sounds authoritarian (6)

Solution to Puzzle No.7,745



WORLD STOCK MARKETS

AUSTRIA — [illegible]

BELGIUM/LUXEMBOURG — [illegible]

DENMARK — [illegible]

FINLAND — [illegible]

FRANCE — [illegible]

GERMANY — [illegible]

NETHERLANDS — [illegible]

ITALY — [illegible]

NORWAY — [illegible]

SPAIN — [illegible]

SWEDEN — [illegible]

SWITZERLAND — [illegible]

SOUTH AFRICA — [illegible]

JAPAN — [illegible]

AUSTRALIA — [illegible]

HONG KONG — [illegible]

MALAYSIA — [illegible]

SINGAPORE — [illegible]

Price data supplied by Telekurs.

NOTES — [illegible]

CANADA

TORONTO

4:00 pm prices January 13

Quotations in cents unless marked $

[illegible]

MONTREAL

4:00 pm prices January 13

[illegible]

Total Sales 13,377,800 shares

INDICES

NEW YORK

DOW JONES	Jan 11	Jan 10	Jan 9	Jan 8	1991/92 HIGH	1991/92 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3185.60	3199.46	3209.53	3203.94	3209.53 (9/1/92)	2470.30 (9/1/91)	3209.53 (9/1/92)	41.22 (2/7/32)
Home Bonds	99.33	99.34	99.47	99.38	99.47 (9/1/92)	91.30 (16/1/91)	99.47 (9/1/92)	54.99 (1/10/81)
Transport	1364.16	1351.83	1367.53	1380.42	1383.03 (7/1/92)	894.30 (7/1/91)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.51	216.07	218.89	221.64	225.59 (3/1/92)	195.17 (10/7/91)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3215.56 (3235.91) Low 3161.67 (3165.92)

STANDARD AND POOR'S

	Jan 11	Jan 10	Jan 9	Jan 8	1991/92 HIGH	1991/92 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	414.34	415.10	417.61	418.10	419.34 (3/1/92)	311.49 (9/1/91)	419.34 (3/1/92)	4.40 (1/6/32)
Industrials	491.69	492.20	494.52	494.37	495.78 (3/1/92)	364.90 (9/1/91)	495.78 (3/1/92)	3.62 (21/6/32)
Financial	34.03	34.11	34.45	34.55	34.55 (8/1/92)	21.96 (9/1/91)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.47	228.94	230.23	230.23	230.35 (3/1/92)	170.97 (9/1/91)	230.35 (3/1/92)	4.46 (25/4/42)
Amex Mkt. Value	407.89	405.64	407.57	403.48	407.57 (9/1/92)	296.72 (14/1/91)	407.57 (9/1/92)	29.31 (9/12/72)
NASDAQ Composite	617.63	615.70	619.80	610.32	619.80 (9/1/92)	355.75 (14/1/91)	619.80 (9/1/92)	54.87 (31/10/72)

	Jan 10	Jan 3	Dec 27	year ago (approx.)
Dow Industrial Div. Yield	2.89	2.90	2.99	4.13
	Jan 8	**Dec 31**	**Dec 24**	**year ago (approx.)**
S & P Industrial div. yield	2.54	2.56	2.68	3.31
S & P Indl. P/E ratio	25.51	25.35	24.21	15.92

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Chicorp	6,075,300	12	+ 1½
RJ Nabisco	4,181,000	11	- ¼
Glaxo	2,795,500	33⅞	+ ⅛
Rowan	2,446,100	4⅞	- ⅛
Adv Micro	1,988,000	19⅞	+ ¾
AT & T	1,798,400	41	- .....
Gen Motors	1,755,100	31⅛	- ⅝
Corning	1,753,500	68⅞	- 10¼
Royal Dutch	1,800,100	81¾	+ 1¼
Ford Motor	1,571,000	30⅞	+ ⅞

TRADING ACTIVITY

† Volume Millions	Jan 11	Jan 10	Jan 9
New York SE	195.751	236.060	291.780
Amex	19 603	18.745	23.642
NASDAQ	(u)	259.430	287.149
NYSE			
Issues Traded	2,204	2,208	2,217
Rises	789	659	1,001
Falls	966	1,082	778
Unchanged	449	467	438
New Highs	93	127	252
New Lows	15	16	13

CANADA

TORONTO	Jan 11	Jan 10	Jan 9	Jan 8	1991/92 HIGH	1991/92 LOW
Metals & Minerals	2972.56	2975.04	2998.40	2939.33	3299.99 (18/7/91)	2632.06 (9/1/91)
Composite	3594.40	3593.40	3580.60	3515.64	3604.09 (12/11/91)	3161.95 (15/1/91)
MONTREAL Portfolio	1903.86	1904.25	1903.47	1864.31	1907.35 (12/11/91)	1686.89 (9/1/91)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 13	Jan 10	Jan 9	Jan 8	1991/92 HIGH	1991/92 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1660.7	1667.9	1662.8	1663.4	1696.3 (8/11/91)	1204.5 (16/1/91)
All Mining (1/1/80)	685.6	676.0	665.7	667.3	707.2 (24/7/91)	561.6 (16/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	391.57	390.39	383.46	381.76	534.81 (16/4/91)	372.24 (2/1/92)
BELGIUM						
BEL20 (1/1/91)	1107.78	1107.00	1100.94	1097.23	1212.15 (17/4/91)	917.59 (17/1/91)
DENMARK						
Copenhagen SE (3/1/83)	361.76	360.45	357.62	357.23	380.04 (2/8/91)	302.26 (8/1/91)
FINLAND						
HEX General (28/12/90)	853.3	829.9	811.9	799.6	1186.9 (8/4/91)	765.2 (23/12/91)
FRANCE						
CAC General (31/12/82)	492.36	494.37	485.59	479.77	583.51 (15/11/91)	394.88 (15/1/91)
CAC 40 (31/12/87)	1824.29	1837.44	1833.86	1785.64	1887.29 (1/10/91)	1425.26 (15/1/91)
GERMANY						
FAZ Aktien (31/12/58)	658.69	651.52	645.35	643.26	717.43 (17/6/91)	570.48 (15/1/91)
Commerzbank (1/12/53)	1859.80	1840.7	1819.3	1813.8	2035.2 (31/5/91)	1612.5 (15/1/91)
DAX (30/12/87)	1622.67	1615.71	1589.76	1578.73	1715.80 (11/6/91)	1311.82 (16/1/91)
HONG KONG						
Hang Seng Bank (31/7/64)	4325.91	4348.92	4334.54	4337.67	4348.92 (10/1/92)	2984.81 (16/1/91)
IRELAND						
ISEQ Overall (4/1/88)	1402.11	1406.68	1397.58	1391.49	1520.65 (15/3/91)	1114.86 (25/1/91)
ITALY						
Banca Com. Ital. (1972)	530.97	531.76	523.52	516.96	619.38 (3/6/91)	482.89 (10/12/91)
JAPAN						
Nikkei (16/5/49)	21696.86	22381.98	23113.64	22715.00	27146.91 (18/3/91)	21456.76 (19/8/91)
Tokyo SE (Topix) (4/1/68)	1619.84	1660.16	1699.41	1693.39	2028.85 (18/3/91)	1619.84 (13/1/92)
2nd Section (4/1/68)	2383.63	2405.26	2422.50	2437.14	3423.45 (10/5/91)	2383.63 (13/1/92)
MALAYSIA						
KLSE Composite (4/4/86)	548.69	551.9	552.37	553.48	635.02 (29/5/91)	470.41 (16/1/91)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	277.4	277.1	277.5	274.0	284.8 (5/6/91)	221.4 (16/1/91)
CBS All Shr (End 1983)	194.8	194.6	194.9	192.4	203.1 (5/6/91)	162.3 (16/1/91)
NORWAY						
Oslo SE (Ind) (2/1/83)	698.09	689.66	691.35	684.87	793.53 (26/8/91)	595.77 (2/12/91)
PHILIPPINES						
Manila Comp (2/1/85)	1224.34	1219.85	1208.09	1227.39	1241.48 (7/1/92)	582.64 (10/1/91)
SINGAPORE						
SES All-Singapore (2/4/75)	405.73	406.83	407.37	408.56	422.43 (26/4/91)	315.07 (16/1/91)
SOUTH AFRICA						
JSE Gold (28/9/78)	1260.0§	1276.0	1226.0	1199.0	1469.0 (5/7/91)	971.0 (25/2/91)
JSE Industrial (28/9/78)	4417.0§	4422.0	4376.0	4309.0	4422.0 (10/1/92)	2829.0 (16/1/91)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	609.90	619.47	637.11	625.85	763.10 (6/8/91)	586.51 (23/12/91)
SPAIN						
Madrid SE (30/12/85)	252.42	253.09	253.21	248.38	289.22 (18/3/91)	213.78 (14/1/91)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	958.8	954.0	946.2	928.4	1149.8 (11/7/91)	808.4 (8/1/91)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	761.5	762.6	758.7	748.5	769.3 (14/11/91)	590.4 (14/1/91)
SBC General (1/4/87)	613.1	615.8	612.2	603.1	638.0 (31/5/91)	487.1 (14/1/91)
TAIWAN**						
Weighted Price (30/6/66)	4904.43	4782.82	4803.51	4772.61	6305.22 (9/5/91)	3316.26 (15/1/91)
THAILAND						
Bangkok SET (30/4/75)	727.85	727.63	725.70	723.96	908.13 (19/4/91)	582.48 (16/1/91)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	519.7*	524.5	536.4	535.3	542.1 (7/1/92)	439.1 (16/1/91)

** Saturday January 11: Taiwan Weighted Price: 4856.82; Korea Comp Ex. 617.92.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday, 13 January 1992

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	2.7m	354	-8
Toyo Ink	2.4m	880	-14
Meiji Milk Prod	2.1m	846	-24
Penta-Ocean	2.1m	970	-30
NKK	1.7m	324	-7
Kawasaki Steel	1.6m	346	-8
Nippon Piston	1.8m	750	-13
Nippon Mining	1.5m	476	-18
Hitachi	1.4m	883	-17
Toshiba	1.4m	613	-1

4:00 pm prices January 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16 7/8	9 1/2	AAR Corp	0.48	3.6	14	381	13 1/8	12 3/4	13 1/8	-1/8
24 1/8	14 1/2	A L Labs A	0.16	0.6	27	275	u25 1/8	24 5/8	24 7/8	-1/4
60	40 7/8	AMP Inc	1.44	2.4	24	1582	u61	59 7/8	60 1/8	+3/4
71	44 1/4	AMR			13	4074	u71 1/8	68 1/2	71 1/8	+1 7/8
2 5/8	1	ARX			1	288	1 5/8	1 1/2	1 5/8	+1/8
56	41 1/2	ASA	3.00	6.1	14	668	49 1/8	48 1/2	49 1/8	+1/4
68 1/2	39 1/4	Abbott Lab x	1.00	1.5	26	4118	65 1/2	64 7/8	64 7/8	-1
14 5/8	9 7/8	Abitibi Pr x	0.50	4.0	16	21	12 1/2	12 3/8	12 1/2	+1/4
11 3/8	10 1/8	ACM Gvt In x	1.26	11.1		560	11 3/8	11 1/4	11 3/8	+1/8
9 3/4	8 3/4	ACM GvOpp x	1.01	10.1		209	u10 1/8	9 7/8	10	
9 1/2	8 1/4	ACM Gvt Sp x	0.17	1.8		275	9 1/4	9 1/8	9 1/4	
11	9 7/8	ACM Gvt Se	1.26	11.6		492	10 7/8	10 3/4	10 7/8	+1/8
9 1/8	7 5/8	ACM Man x	0.47	5.3		156	9	8 7/8	8 7/8	
12 7/8	11 1/2	ACM Manage	1.35	10.5		337	u12 7/8	12 3/4	12 7/8	+1/8
7 1/2	4 3/4	Acme Cleve	0.40	5.0	18	53	u8	7 3/4	8	+1/4
6	3 1/8	Acme Elect			3	100	4 7/8	4 3/4	4 7/8	+1/8
40	22 3/4	Acuson			20	911	32 1/2	30 7/8	32 1/8	+7/8
20 1/4	14 1/4	Adams Expr	1.63	8.6	0	143	19 1/4	18 7/8	18 7/8	-1/8
20 1/4	12 7/8	Adobe12PI	2.40	17.8		171	13 1/2	13	13 1/2	+1/2
8 1/4	3 7/8	Adobe Res			44	1027	4 7/8	4 1/2	4 1/2	
43	18	Ad Micro				1178	u46 1/2	44 5/8	46	+1 1/8
17 3/4	4 5/8	Ad Micro P	3.00	15.1	12	1800	u20 1/8	19 1/8	19 7/8	+5/8
5 1/8	2 1/4	Advest Grp	0.16	2.4	9	414	u7	6 1/2	6 3/4	+1/8
49 1/2	31 7/8	Aetna Lf x	2.76	6.2	8	1911	44 7/8	43 7/8	44 5/8	+1/2
10 5/8	6 5/8	Alfil A x	0.24	2.6	84	597	9 3/8	9 1/8	9 1/4	-1/8
0	0	Alflac				813	u31 5/8	30 3/4	31	-5/8
20 7/8	12	Ahmanson	0.88	5.5	10	1455	16 3/8	16	16	-1/4
20	2 7/8	Aileen Inc			16	60	18 3/4	18 5/8	18 3/4	+1/4
74 1/8	51 3/8	Air Pr Chm	1.56	2.0	17	1226	u80 1/4	79 1/2	79 1/2	-1
30	16 5/8	Airborne Frt	0.30	1.2	18	199	24 3/4	24 1/4	24 1/2	-1/2
24 1/2	12 1/2	Airgas Inc			113	27	23 3/4	23 1/2	23 3/4	
15 1/4	9	Airlease	1.68	16.6	5	146	11	10	10 1/8	-1/4
101	88 1/4	AlaPw8.16	8.16	8.1		z100	u101 1/4	101 1/4	100 1/2	-3/4
25 1/8	21 3/8	AlaPw PfA	2.00	8.0		11	u25 1/8	25 1/8	25 1/8	
107	100	AlaPw9.44	9.44	9.0		8	106	105	105	-1

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

Price data supplied by Telekurs.

[illegible]

AMEX COMPOSITE PRICES

4:00 pm prices January 13

[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices January 13

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

FINANCIAL TIMES Tuesday January 14 1992

AMERICA

Bond weakness feeds through to equity sector

Wall Street

WEAKNESS in the bond markets fed through into equities yesterday, with share prices edging lower in relatively light trading, *writes Patrick Harverson in New York.*

At the close the Dow Jones Industrial Average was down 13.86 at 3,185.60. The more broadly based Standard & Poor's 500 eased 0.77 to 414.33, but the Nasdaq composite of over-the-counter stocks bucked the wider market trend, rising 1.93 to 617.63. Turnover on the New York SE was modest by recent standards at 198m shares.

There was little to spark yesterday's selling, save for further increases in bond rates amid dwindling hopes for another cut in interest rates. The stock market had shared those hopes, so it was no surprise that equity prices softened, especially as some investors began taking profits after the big gains during the turn-of-the-year rally.

Among individual stocks, Citicorp advanced $1½ to $12 in turnover of almost 5m shares after the troubled banking group predicted that it would report a $125m loss for the fourth quarter of 1991, and one of up to $475m for the full year. The extent of the losses were expected by Wall Street, and investors took comfort in the bank's prediction that it would return to profitability in 1992.

Chase Manhattan was also in the earnings picture yesterday, the stock adding $⅝ at $20¼ after news of a 30 per cent decline in fourth-quarter profits to $135m which left full-year profits at $620m.

Other bank issues closed mixed. BankAmerica was down $⅝ at $38⅝, while J.P. Morgan, depressed by profit-taking, shed $1¼ to $65⅝.

Oil shares bucked the wider market trend, thanks to a rally in crude oil prices which took them back above $18 a barrel. Chevron moved up $1⅞ to $68¼, British Petroleum ADRs $⅝ to $62¼, Exxon $½ to $59¼ and Texaco $1⅜ to $59⅞.

Reports that full tests on the safety of silicone breast implants produced by Dow Corning were delayed for several years, and that tests which were conducted were inadequate, left Corning $10⅝ weaker at $68¾.

On the American Stock Exchange, Enzo Biochem jumped $2½ to $5¾ on news that the company's diagnostics unit is introducing eight products which will help researchers identify and trace the origins of metastatic cancers.

Leading stocks on the over-the-counter market were mostly firmer, with Amgen up $1 at $76¾, Sun Microsystems $1⅛ ahead at $32 and Microsoft $1⅞ higher at $127⅛. The exception was MCI Communications, which tumbled $3¼ to $31¼.

Canada

TORONTO stocks took a breather after last week's heavy gains and ended flat in moderate trade. Dealers said, however, that the market is becoming increasingly optimistic that recent cuts in US and Canadian interest rates will be enough to spur a recovery in the economy.

The composite index finished just 1.0 higher at 3,594.4. Declining issues narrowly led advances by 334 to 293 following a volume of 26.4m shares, against 44m on Friday.

Rogers Communications said it will issue 13.3m units at C$15.10 a unit. Each unit is composed of one class "B" share and half a warrant to purchase an additional "B" share for C$17.

Rogers "B" fell C$⅞ to C$13⅞, while the "A" shares slipped C$1⅝ to C$14¼.

SOUTH AFRICA

JOHANNESBURG *drifted off* Friday's record highs. The all-share index fell 11 to 3,633, while the industrial index fell 5 to 4,417. The all-gold index lost 16 to 1,260 in line with a slight retreat in bullion prices. Vaal Reefs fell R4 to R217.

ASIA PACIFIC

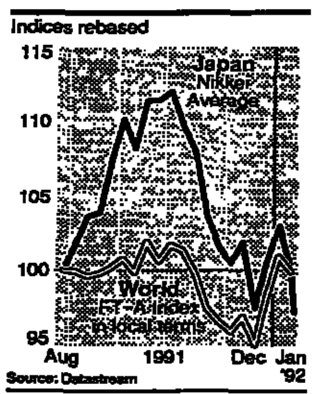
Nikkei tumbles again on fears of political scandal

Tokyo

FEARS OF a new *political* scandal, and continued arbitrage-linked and investment trust selling took equities into a second consecutive steep fall yesterday, *writes Neil Weinberg in Tokyo.*

The Nikkei average ended 685.04 or 3.1 per cent lower at 21,696.86, after opening at the day's best of 22,299.63 and touching a low of 21,596.95. The index dropped 3.2 per cent on Friday. Volume came to 180m shares, after Friday's 225m. Declines led rises by 905 to 74 with 115 issues unchanged, while 131 stocks *fell* to their lowest levels since the beginning of 1991. The Topix index of all first section shares lost 40.32 to 1,619.84 and, in London, the ISE/Nikkei 50 index shed 2.93 to 1,216.92.

The market plunged just *after the opening,* on the unwinding of arbitrage positions in light trading. Selling by investment trusts, and fears that this will continue until the closing of their books on March 31, put a further dampener on sentiment. The market



Source: Datastream

was faced with more talk that the Finance Ministry will restrict arbitrage trading, possibly later this week, and this prompted additional selling.

However, the most dramatic depressant yesterday were reports of a police raid on Mr Fumio Abe, a member of the House of Representatives and former secretary general of Prime Minister Kiichi Miyazawa's ruling party faction. "There was panic selling," said Ms Betty Wu of SBCI Securities. "There is the fear that this will open a Pandora's box."

The Bank of Japan's tight monetary stance in the *short-term money market prior* to the end of a reserve management period today was another bearish factor, Ms Wu said. She added that financial officials might now take action to prevent further declines which would push bank capital-to-asset ratios well below the critical 8 per cent level mandated by the Bank for International Settlements.

Banks were among the day's largest losers, with Dai-Ichi Kangyo off Y130 at Y2,030 and Mitsui Taiyo Kobe Bank down Y130 at Y1,540. NTT fell to a record low for the second consecutive session, ending Y18,000 off at Y702,000. Electricals fared relatively well, with Tokyo Electron gaining Y70 to Y2,350 and Toshiba Y1 to Y613.

In Osaka, the OSE average receded 515.05 to 23,146.36 in volume of 53.5m shares.

Roundup

TAIWAN AND Bombay ended on the positive side, but most markets in the region were affected by Tokyo yesterday.

HONG KONG ran into profit-taking but closed off the day's lows. The Hang Seng index lost *23.01 to 4,325.91 as turnover fell* to HK$1.33bn from HK$2.15bn.

The market was also depressed by rumours of a cash call by Citic Pacific, the locally listed arm of China's overseas investment company, after Citic Pacific announced plans to buy out the 64 per cent of Hang Chong Investment that it does not already own for an estimated HK$5bn.

AUSTRALIA was mixed as mining shares continued to rise as a result of the Australian dollar's recent weakness but oil issues fell further. The All Ordinaries index slipped 7.5 to 1,660.4 as turnover declined to A$218m from A$276m.

In natural resources, CRA advanced 24 cents to A$12.94 and Pasminco added 11 cents at A$1.55. Soft crude prices weighed on oil shares, Woodside Petroleum shedding 8 cents to A$3.72.

NEW ZEALAND weakened in quiet trade. The NZSE-40 index fell 24.67 or 1.6 per cent to 1,493.68. Turnover dropped to NZ$10.7m (NZ$18.8m).

Dual-listed shares were hurt by the exchange rate movements. Carter Holt Harvey dipped 7 cents to NZ$2.26 on *the market's heaviest turnover* of 1.1m shares, while forestry and resources group Fletcher Challenge lost 6 cents to NZ$3.30 on volume of 490,000.

SINGAPORE saw early dumping of "foreign" shares in blue chips with limitations on foreign shareholdings, on weekend reports indicating that the stock exchange wanted these limits raised, or abandoned.

However, Singapore Airlines, the worst hit, saw its F shares recover from a day's low of S$19.10 to close 50 cents off at S$19.80 after the SES said it had not changed its policy. The Straits Times Industrial index ended 4.81 down at 1,488.25 in quiet trading.

KUALA LUMPUR drifted in continuing uncertainty about the Malaysian economy. The KLSE composite index lost 3.21 to 548.69 as turnover slipped from M$91.5m to M$66m.

SEOUL continued to fall after Friday's tumble amid reports of foreign selling, the composite index shedding 8.02 to 609.90 as turnover contracted from Won301bn to Won185.3bn. Political friction was said to be one reason *behind yesterday's drop.*

TAIWAN climbed in hectic trading, the weighted index gaining 47.81 to 4,904.43 following a rise of 74 points on Saturday. Turnover was at its heaviest since last June, expanding from T$42.5bn to T$54.8bn.

Traders said the strengthening of the plastic, petrochemical and financial sectors in late dealing had led a general recovery after early selling triggered by the drop in Tokyo.

BOMBAY set a new closing high on heavy speculative buying as the BSE index added 26.35 or 1.3 per cent at 1,998.88, following an intraday peak of 2,006.84.

Brokers said a powerful group of bulls were lifting the market against an indifferent economic news background. The BSE imposed daily limits on purchases of two volatile stocks, Associated Cement and Apollo Tyres, to curb excess speculation, but that failed to hold prices down. ACC forged ahead Rs55 to Rs3,540 and Apollo Tyres moved up Rs4.50 to Rs185.

EUROPE

Frankfurt attracts bargain-hunters in heavy volume

THE WAR between negative and positive views on the German market tilted in favour of the enthusiasts yesterday, as bargain-hunters were seen in Frankfurt and other markets, *writes Our Markets Staff.*

FRANKFURT had to accommodate the collapse of steel pay talks and the drop in Tokyo, and yet the DAX put on another 6.96 to 1,622.67 after a gain of 6.18 to 658.69 for the FAZ at midsession.

Volume rose from DM6.2bn to DM6.9bn, led by Siemens which traded in a relatively huge DM1.4bn as it rose DM6.60 to DM642.60, followed in turnover terms by Deutsche Bank and Daimler; Veba, the energy group, came fourth as it rose DM4.70 to DM368.10.

The feeling persisted that opinion was moving towards a more responsible approach to annual wage rises, offering the chance of an interest rate cut if the Bundesbank saw real evidence of change. One professional, however, warned that *speculators had taken the initiative* again and that investors might need to be careful.

Sensitive individual stocks moved either way, AMB by DM18 to DM808 on its takeover attractions; meanwhile, a previous target, Nixdorf, fell DM45 to DM133, having been suspended after Siemens, which had been willing to pay DM225 a share cash for a larger minority, sought to accumulate the remaining 5 per cent or so with a paper offer worth only DM107 a share.

PARIS ran into light profit-taking in volatile trading after its gains last week. The CAC 40 index closed down 13.15 at 1,824.29, just off the day's low of 1,821.85 and well off the day's high of 1,839.20. Turnover was estimated at around FFr2bn after Friday's FFr3.6bn.

In building materials, Lafarge was among the day's losers, falling FFr23 or 6.7 per cent to FFr318 after on a sharp drop in profits for 1991. Weekend comments by the chairman, Mr Bertrand Collomb, that he saw no immediate sign of a pick-up also dashed hopes for 1992.

Euro Disney fell as low as FFr145.50 on news that it faced a claim for FFr850m in allegedly unpaid accounts from 16 French building contractors. It later recovered to close FFr2.20 down at FFr146.30 with 314,700 shares traded. Lyonnaise des Eaux continued its downtrend, falling FFr14 or FFr429, this time on reports that the problems at a US subsidiary were worse than expected.

MILAN overcame a weak start to end flat in technical trading as monthly options expired. Options on all stocks were taken up, with the exception of Olivetti and Pirelli. Trading was expected to remain technical until the close of the January trading account on Wednesday. The Comit index eased 0.7 to 530.97 in turnover estimated at L110bn after Friday's relatively heavy L140bn.

Among industrials, Fiat fell L87 to L4,990 and Pirelli eased L6 to L1,045. Dealers reported a good market in telecoms, with Sip rising L18 to L1,490 and Stet up L7 at L2,215.

ZURICH eased in thin volume, the *Crédit Suisse index* falling 3.2 to 462.5. MADRID closed slightly off in steady trading, the general index falling 0.60 to 252.49 after falling sharply in morning dealings, and then recovering as last week's predictions of a 0.4 per cent increase in the December inflation rate were revised to a 0.01 per cent rise.

STOCKHOLM was fractionally higher after a weak opening. The Affärsvärlden General index rose 4.0 to 958.0 in turnover of SKr384m after SKr502m.

Astra, the pharmaceutical company, saw its A unrestricted shares fall SKr14 to SKr566 on rumours that the company was going to open all share categories to foreigners. The margin between restricted and unrestricted shares has narrowed recently.

OSLO rose on domestic buying following the gloom at the end of last year. The all-share index rose 6.85, or 1.6 per cent to 436.89 in moderate trading worth *a total of NKr318m.*

Higher prices for North Sea oil took Saga Petroleum free shares up NKr6 to NKr90. Anecdotal evidence of better tanker rates left Bergesen B up NKr6 to NKr8 in very good volume; and talk of a return to profits in banking saw Den norske Bank restricted up NKr2.20 to NKr12.20 in 715,000 shares.

HELSINKI rose 2.9 per cent, the Hex index putting on another 23.4 to 853.3, 11.5 per cent up from its 1991-92 low of 765.2 only three weeks ago.

AMSTERDAM rebounded from a weak opening to close near the session's highs on the prospect of lower interest rates. The CBS Tendency Index closed at 116.6, 0.4 on the day.

ISTANBUL gained 1.2 per cent in active buying ahead of the economy package due to be unveiled on Thursday. The index rose 55.49 in the sixth straight day of gains to end at 4,691.25, the highest since 4,700.77 on March 20 last year.

FT-SE Eurotrack 100 - Jan 13

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1103.50	1103.65	1105.61	1106.65	1106.73	1105.46	1105.35	1105.02

Day's High 1107.34 Day's Low 1103.37

Jan 10	Jan 9	Jan 8	Jan 7	Jan 6
1105.40	1100.02	1080.21	1086.06	1092.05

Base value 1000 (26/10/90).

Europe rises on interest rate optimism

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1992	% change sterling † Start of 1992	% change in US $ † Start of 1992
Austria	+2.24	+2.51	-4.78	+3.57	+4.96	+0.65
Belgium	+0.15	+1.89	+14.68	+0.74	+1.84	-2.54
Denmark	+1.51	+3.62	+23.94	+3.13	+3.61	-0.65
Finland	+6.41	+10.35	+2.82	+8.82	+9.72	+5.20
France	+3.38	+7.81	+21.94	+3.69	+3.78	-0.49
Germany	-0.07	+3.26	+10.22	+1.96	+1.94	-2.27
Ireland	+0.59	+2.14	+24.05	+2.58	+3.50	-0.76
Italy	+5.55	+9.35	+5.99	+5.60	+5.94	+1.58
Netherlands	-0.85	+1.98	+18.89	+1.79	+1.81	-2.38
Norway	-1.06	+0.11	-2.22	+2.87	+3.42	-0.83
Spain	+3.75	+5.37	+19.21	+3.14	+3.36	-0.91
Sweden	+3.53	+5.94	+20.97	+3.87	+4.05	-0.22
Switzerland	+1.61	+6.12	+29.39	+3.87	+4.12	-0.16
UK	-1.04	+0.88	+16.91	-0.51	-0.51	-4.60
EUROPE	+0.61	+3.33	+16.55	+1.63	+1.64	-2.55
Australia	+0.49	+4.08	+36.51	+0.84	+1.80	-2.39
Hong Kong	+0.92	+4.41	+45.35	+1.13	+5.73	+1.38
Japan	-3.51	-3.80	-0.79	-3.51	-0.99	-5.07
Malaysia	+0.57	+2.73	+7.52	-0.31	+4.14	-0.14
New Zealand	-0.04	+6.48	+23.40	-0.04	+4.70	+0.38
Singapore	+0.43	+4.80	+29.39	+0.28	+3.60	-0.67
Canada	+1.19	+5.48	+7.99	+1.15	+5.71	+1.38
USA	-0.71	+8.24	+33.26	-0.24	+4.04	-0.24
Mexico	+5.50	+20.88	+172.81	+6.37	+10.03	+5.50
South Africa	+6.43	+5.33	+36.33	+6.24	+10.45	+5.91
WORLD INDEX	-1.04	+3.04	+17.31	-0.64	+2.04	-2.18

† Based on January 10th 1992.

By Antonia Sharpe

Continental Europe outperformed the rest of the world last week, according to the FT-Actuaries Indices, as investors piled into *equities in anticipation of falling* interest rates later in the year. The FT-A Europe index, excluding the UK, rose 1.8 per cent in local currency terms, compared with a fall of 1 per cent in the FT-A World index.

Mr Andrew Bell, director of European strategy at BZW, is cautious about the interest rate optimism, and attempts to call the turn in stock markets. While he believes that Continental rates are now at their peak, last Friday's tough talking by Bundesbank deputy president Mr Hans Tietmeyer has reinforced his fear that rates will stay on a plateau for several months.

Finland, one of Europe's worst performers last year, advanced 6.4 per cent in a delayed response to the currency devaluation and the wage freeze implemented last November. Ms Taina Uljas at Kleinwort Benson says these measures had led analysts to reduce their corporate loss expectations. "The outlook for 1992 is better," adds Ms Uljas.

Helsinki's rally concentrated on the big blue chips, such as Huhtamaki and Pohjola, and was accompanied by relatively *high volume of FM30m a day,* compared to last year's lows of around FM10m.

The implementation of stock market reforms helped Italy, another dismal performer in 1991, to make a 5.6 per cent gain in better volume. The market was also cheered by the near certainty of a general election in early April.

Among the senior markets, France recorded a 3.4 per cent rise in heavy turnover, fuelled by Wall Street's record highs and by news that the French government plans to encourage long-term savings, either through company pension funds or personal equity plans. Hopes of further exemptions from the bourse turnover tax also helped.

The interest rate cut on December 30 failed to have a lasting impact on Japan, the worst performer last week as it fell 3.5 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 13 1992								FRIDAY JANUARY 10 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	157.82	+7.2	129.77	126.50	129.03	132.52	−0.5	4.19	147.24	121.68	118.20	121.14	133.14	160.31	112.74	114.05
Austria (20)	166.33	−0.8	136.77	133.32	135.98	136.27	+0.3	2.12	167.61	138.51	134.56	137.90	135.89	222.37	153.86	171.22
Belgium (47)	140.29	−0.3	115.36	112.44	114.69	112.27	+0.2	5.26	140.68	116.26	112.93	115.74	112.06	151.20	118.04	123.52
Canada (115)	139.13	+0.7	114.41	111.51	113.74	115.76	+0.3	3.18	138.16	114.17	110.90	113.66	115.45	144.28	126.49	127.40
Denmark (37)	268.11	+1.0	220.47	214.90	219.19	222.80	+0.6	1.61	265.41	219.34	213.07	218.36	221.37	273.94	217.74	220.58
Finland (15)	84.61	+3.1	69.58	67.82	69.17	76.26	+3.5	3.20	82.08	67.83	65.89	67.53	73.68	125.15	73.32	91.47
France (109)	149.55	−0.1	122.97	119.86	122.25	125.81	−0.7	3.52	149.71	123.72	120.18	123.16	126.81	152.33	119.11	121.85
Germany (65)	116.62	+1.7	95.90	93.49	95.34	95.34	+1.1	2.42	114.67	94.77	92.07	94.34	94.34	125.35	94.15	104.34
Hong Kong (55)	177.91	−0.5	146.29	142.60	145.45	177.25	−0.5	4.20	178.80	147.76	143.54	147.11	178.13	179.04	119.62	122.01
Ireland (18)	166.24	−0.2	136.70	133.25	135.91	138.28	−0.4	3.63	166.54	137.63	133.70	137.02	138.77	182.46	132.88	134.84
Italy (77)	77.03	+0.6	63.34	61.74	62.97	68.30	+0.0	3.39	76.58	63.29	61.48	63.01	68.29	88.23	64.76	72.05
Japan (474)	125.89	−2.4	103.52	100.90	102.93	100.90	−2.5	0.84	128.94	106.56	103.51	106.10	103.51	146.97	118.23	123.51
Malaysia (68)	212.49	−0.6	174.73	170.31	173.72	222.19	−0.7	2.95	213.87	176.74	171.68	175.95	223.75	247.78	189.18	199.02
Mexico (18)	1460.29	−0.5	1200.78	1170.46	1193.84	4895.98	−0.5	1.07	1467.75	1212.97	1178.29	1207.57	4920.20	1467.75	534.45	546.81
Netherland (31)	150.14	+0.7	123.46	120.34	122.75	121.43	+0.2	4.45	149.04	123.17	119.65	122.62	121.22	155.45	125.70	126.28
New Zealand (14)	46.53	−1.3	38.26	37.29	38.04	45.39	−1.7	6.05	47.16	38.98	37.86	38.80	46.15	54.64	41.18	41.56
Norway (25)	180.31	+1.7	148.27	144.52	147.41	151.74	+1.9	1.71	177.30	146.52	142.34	145.87	148.90	223.24	157.08	183.60
Singapore (38)	215.86	−1.1	177.51	173.03	176.49	162.85	−1.0	2.14	218.21	180.34	175.18	179.53	164.46	223.53	151.63	156.29
South Africa (61)	261.25	−0.9	214.82	209.39	213.58	183.61	−0.1	2.69	263.60	217.84	211.61	216.87	183.79	271.99	173.00	184.89
Spain (52)	154.99	+0.0	127.45	124.23	126.71	117.89	−0.2	4.69	154.99	128.09	124.43	127.52	118.18	171.12	131.51	131.83
Sweden (25)	181.53	+0.4	149.27	145.50	148.41	154.32	+0.0	2.89	180.74	149.36	145.10	148.70	154.38	204.12	146.60	148.06
Switzerland (59)	100.82	+0.6	82.90	80.81	82.43	87.47	−0.1	2.29	100.21	82.81	80.45	82.46	87.57	103.50	82.17	82.79
United Kingdom (234)	178.52	+1.0	146.79	143.07	145.93	146.79	+0.5	5.07	176.80	146.11	141.92	145.45	146.11	187.44	156.27	158.40
USA (523)	169.17	−0.2	139.11	135.60	138.31	169.17	−0.2	2.88	169.48	140.06	136.07	139.45	169.48	170.69	125.95	126.32
Europe (814)	145.04	+0.8	119.27	116.26	118.58	119.58	+0.3	4.02	143.93	118.95	115.55	118.43	119.26	151.52	125.50	126.62
Nordic (102)	184.79	+0.9	151.95	148.11	151.07	149.86	+0.6	2.16	183.10	151.32	146.99	150.65	148.98	200.81	155.55	156.17
Pacific Basin (718)	128.37	−1.9	105.56	102.90	104.95	103.99	−2.3	1.18	130.80	108.10	105.01	107.62	106.47	145.92	117.86	122.76
Euro−Pacific (1532)	135.33	−0.8	111.28	108.47	110.63	110.95	−1.2	2.40	136.36	112.69	109.46	112.18	112.33	147.66	121.29	124.65
North America (638)	167.25	−0.1	137.53	134.07	136.76	165.53	−0.2	2.89	167.49	138.41	134.47	137.82	165.80	168.57	125.91	126.29
Europe Ex. UK (580)	124.66	+0.6	102.51	99.94	101.94	103.80	+0.1	3.27	123.88	102.38	99.47	101.94	103.67	129.80	103.58	107.42
Pacific Ex. Japan (244)	152.91	+2.5	125.73	122.58	125.02	134.73	−0.6	3.95	149.17	123.27	119.77	122.74	135.55	153.19	111.40	113.26
World Ex. US (1726)	137.66	−0.7	113.20	110.34	112.55	113.06	−1.2	2.42	138.64	114.57	111.30	114.07	114.38	148.16	122.32	125.57
World Ex. UK (2015)	144.26	−0.7	118.63	115.64	117.95	128.68	−0.9	2.31	145.24	120.03	116.60	119.50	129.87	150.58	120.08	121.56
World Ex. So. Af. (2188)	146.50	−0.5	120.46	117.43	119.78	129.93	−0.8	2.59	147.23	121.67	118.21	121.14	130.96	153.05	122.92	124.47
World Ex. Japan (1775)	159.93	+0.3	131.51	128.20	130.77	147.16	+0.0	3.32	159.47	131.79	128.03	131.22	147.21	161.90	126.69	126.76
The World Index (2249)	147.25	−0.5	121.09	118.03	120.39	130.41	−0.8	2.60	148.00	122.31	118.82	121.78	131.44	153.70	123.28	124.84

FT LAW REPORTS

Secret recording not a document

ITALIA EXPRESS
Court of Appeal
(Lord Donaldson, Master of the Rolls, Lord Justice Balcombe and Lord Justice Staughton):
December 20 1991

STATEMENTS recorded surreptitiously on tapes without the speaker's knowledge or intention are made orally, not in a document, and are therefore not admissible in civil proceedings unless proved by direct oral evidence by the person who made the statements, or by someone who heard them made. But a statement recorded with the speaker's knowledge and intention is made in a document as well as orally and is therefore admissible as an out of court statement, subject to production and proof of the tapes or copies by direct oral evidence or by a second out of court statement as to how they were made.

The Court of Appeal so held when allowing in part an appeal from a decision of Mr Justice Hirst *(FT, December 20 1991) refusing to admit taped* conversations as evidence for the defendant representative underwriter, Mr Trevor Rex Mountain, in an action by the plaintiff, Mr Apostolos Konstantine Ventouris.

Before the judgments on the appeal were handed down, the underwriters withdrew the allegations against Mr Ventouris which had formed the background of the appeal. The Master of the Rolls said the judgments should be read in the light of that withdrawal as far as Mr Ventouris's reputation was concerned, but it had no other effect on the judgments.

LORD DONALDSON MR said Italia Express was sunk by explosives while undergoing repairs at Drapetsona outside Piraeus harbour.

Mr Ventouris owned the vessel. He claimed under a war risks insurance policy. The defence was that the loss was caused by his wilful misconduct.

The underwriters alleged that in January 1988 a *plot* was hatched between Mr Ventouris and his cousin, George Dimitrios Ventouris (GDV), whereby in return for a very substantial payment GDV was to recruit divers to blow up the vessel.

The enterprise was abandoned on February 13 1988.

It was alleged that Mr Ventouris then engaged divers himself, without involving GDV, and that they achieved the desired objective five weeks later.

The underwriters wished to prove the original conspiracy between GDV and Mr Ventouris by surreptitious tape recordings of conversations between those alleged to have been involved, including the divers.

The tapes had been provided by GDV who featured in all the conversations. He was unable to come to the UK to give evidence, being on bail in Greece on terms which precluded his leaving the country.

Section 1 of the Civil Evidence Act 1968 provided that hearsay evidence was admissible in civil proceedings only by virtue of the Act and other statutory provisions, or by agreement.

Section 2 provided for admissibility of out of court statements made orally or in a document as evidence of facts stated therein.

Section 2(3) provided that where a statement "made otherwise than in a document" was *admissible by virtue of* section 2, no evidence other than direct oral evidence by the person who made the statement or who heard or perceived it being made, was admissible for the purpose of proving it.

By section 4 a statement contained in a document was admissible if the document formed part of a record compiled by a person acting under a duty.

By section 10(1) a "document" included any "tape... or other device in which sounds... are embodied".

The underwriters sought to introduce the tapes or copies in evidence as "out of court statements" and to verify and explain them by written "out of court statements" by GDV and others.

The first question was whether the tapes were admissible as evidence of facts stated by the interlocutors other than GDV.

That depended on whether the statements were made "orally", or "in a document" or both.

The answer must depend on what the maker of the statement thought he was doing and intended to do. The statute looked at the matter from the point of view of the maker of the statement, not from that of his audience.

It was assumed that the interlocutors, other than GDV, were wholly unaware that their statements were being taped.

It followed that the tape was GDV's record of the conversations. The other interlocutors were intending to make and were making statements orally, not in a document.

That conclusion differed from that of Mr Justice Hirst, who regarded the statements as having been made in a document.

In the light of that conclusion, section 2(3) applied and the statements recorded on the tapes could only be proved by direct oral evidence by the person who made each statement, or someone who heard them made.

Those conditions could not be met and accordingly the tapes were not admissible as evidence of the facts stated by the interlocutors other than GDV.

The second question was whether the tapes were admissible as evidence of facts stated by GDV.

Here there was a vital difference. GDV knew the conversations were being taped. So far *as his own statements were* concerned, GDV was quite deliberately making simultaneous statements both orally and in a document.

Subject to production and proof of the tapes or authenticated copies, the statements made by GDV would be *admissible* as evidence of the facts so stated. The statements of the other interlocutors would not be evidence of facts thereby stated but, in so far as they provided the context in which GDV's statements were made, would be evidence of that context.

The third question was whether an out of court statement could be proved by another out of court statement.

There was no reason why not – though direct oral evidence was always preferable and had greater weight.

Section 2 was designed to render out of court statements admissible as evidence of the facts stated therein.

Here the maker of the second out of court statement was stating facts concerning the *making of the first out of court* statement, not about the truth of anything therein contained.

Mr Justice Hirst held that was not permissible.

He relied on *Cross on Evidence 7th ed 541-2* which stated that a principal object of the 1968 Act was to ensure that all first-hand hearsay statements were admissible, provided certain conditions were fulfilled; and to allow second-hand hearsay to be received if contained in a record. *Cross* said "first-hand" meant a statement proved by the maker's direct oral evidence or by production of the document in which he made it, or by direct oral evidence of a witness who heard him make it; and "second-hand" included all hearsay statements which were not first-hand.

Mr Justice Hirst concluded it was fundamental to section 2 that the statement, whether oral or in a document, should be first-hand. He said it would be highly *anomalous if the section* 2(3) principle for oral statements, did not apply to documentary statements.

There was no trace in the wording of the Act of Professor Cross's distinction between first-hand and second-hand *hearsay except in section 2(3),* where restrictions were imposed on the way in which second-hand hearsay could be adduced if the underlying first-hand hearsay was contained in a statement made orally.

That pointed strongly to the *policy of the Act being to permit* second-hand hearsay in all other cases. The rationale for that limited restriction was no doubt that evidence of a statement made orally was inherently more unreliable than evidence of one made in a *document.*

The fourth question was whether the tapes were admissible under section 4 as forming part of a record compiled by a person acting under a duty.

In February 1989 GDV appeared before an investigating judge in Greece and deposited nine tapes with the judge. At the same time he made a statement under oath, identifying the interlocutors involved in the recorded conversations.

As Mr Justice Hirst pointed out, section 4 only provided for admissibility of the record itself, not for admissibility of information tendered to the recorder who did not include it in his record.

The appeal was allowed to the extent indicated.

Their Lordships gave concurring *judgments.*

For the underwriters: Christopher Clarke QC and Andrew Popplewell (Ince & Co)

For Mr Ventouris: Stephen Tomlinson QC and Stephen Hofmeyr (Hill Taylor Dickinson)

Rachel Davies

Barrister